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Berisha Welcomes Clinton Decision on Fund

AU0303090495 Tirana TVSH Television Network in Albanian 1900 GMT 2 Mar 95

[FBIS Translated Text] The president's Press and Information Office reports that President Berisha welcomed the decision of U.S. President Bill Clinton to declare the start of the activity of the Albanian-U.S. Enterprise Fund [Fondi Shqiptaro-Amerikan i Sipermarrjes]. Berisha declared that this fund constitutes great assistance in encouraging U.S. investments in Albania and will increase the volume and intensity of friendly cooperation between our two countries.

Democratic Alliance's Ceka Visits FYROM

95P20563A Skopje FLAKA E VELLAZERIMIT in Albanian 4 Feb 95 p 3

[Unattributed article: "The Creation of a National Bourgeoisie—An Aim of the Albanian Democratic Alliance"]

[FBIS Translated Text] Recently, a delegation from the Albanian Democratic Alliance [ADSh], headed by the party's chairman Dr. Neritan Ceka, a professor and a deputy in the Albanian Parliament, visited Macedonia [The Former Yugoslav Republic of Macedonia, FYROM] as guests of the Party for Democratic Prosperity. The delegation also included ADSh deputy Ridvan Peshkepia and ADSh press director Prec Zogaj.

During the delegation's visit to Tetovo, FLAKA journalists E. Shala and R. Qahili spoke with Ceka, who is known as an active deputy, one of the six ADSh deputies in Parliament. Dr. Ceka is known in Macedonia as one of the founders of the Albanian Democratic Party [PDSh] in 1990 and, in 1992, of the ADSh—a party that came from the bosom of the PDSh which, as Dr. Ceka said in this conversation, was a front whose aim was the downfall of the Communist dictatorship in Albania. Neritan Ceka caused a sensation when he and some other deputies visited Belgrade, the first visit of this type by an Albanian party to Serbian parties.

Prof. Ceka was known as a scholar before he became a deputy and the chairman of the ADSh. He is an archeologist by profession, a profession he inherited from his father (Qazim Ceka, the first Albanian archeologist). He has published several books on archeology. We did not talk to Ceka about archeology but about his involvememt in politics as a deputy and as the chairman of the ADSh.

In response to our question about the separation of the ADSh from the PDSh and the differences in the programs of the PDSh and the ADSh. Mr. Ceka said: "When the PDSh was created in 1990, its aim was the downfall of the Communist dictatorship in Albania. It achieved its aim. With the passage of time, the regular process of the structuring of political life in Albania began. Therefore, the PPD [as published] could not remain a front as it was in the beginning. In this context, the Democratic Alliance was the first force to break away from this front and, in 1992, a party by this name was created, a centrist party with a right wing, with a democratic spirit, and with the aim of establishing democracy and the state of law in Albania."

According to Ceka, the formation of the ADSh should be considered to be normal because, after the formation of the Democratic Alliance, the Righ Wing Democratic Party, which represents the right wing of the front grouped in the Democratic Party, was created.

In regard to the differences in the programs of the PDSh and the ADSh, Ceka says that the ADSh is the party that represents the center with a right wing, while the PDSh is structured as a right-of-center party with a conservative character.... Another program difference is the fact that the practical experience of the PDSh has been with an economy controlled by the state, naturally, a capitalist economy where the state is in direct control, while the ADSh, in its program, is committed to a Albanian national bourgeoisie where there will be average investors, including the investment of the Albanian brain. In the area of domestic policy, the ADSh favors a democratic state of a parliamentary nature—that is, a strong parliament, the state of law—and in the area of foreign policy, it supports cooperation with the United States and the North Atlantic Alliance.

Talking about his involvement and the involvement of the six deputies of his party in the Albanian parliament, Dr. Ceka stressed that he takes an active role by making various proposals. His parliamentary group has asked to make motions on several occasions, especially in the case of ministers who have become involved in corruption, something that, unfortunately, has been acceptable both in the central and in the local government. The ADSh parliamentary group was in favor of the new Albanian constitution. Since the people said in the 6 November referendum that the text of the constitution presented a model for a presidential republic and not a parliamentary republic, the ADSh thinks the parliament should adapt the constitution appropriately.

The opposition parties in Albania and, especially, the Socialist Party, have continually stressed the need for early elections. According to Ceka, although the ADSh is not satisfied with the policy of the PFDh and its deputies, who make up the majority in the Albanian parliament, it is opposed to violent attempts to overthrow the government. In this context, the ADSh will wait for regular elections.

We talked to Mr. Ceka about the cooperation of Albanian political parties in Albania, Kosovo and Macedonia—specifically, about ethnic relations and Albanian political parties. In regard to cooperation of political parties, he said that cooperation is established among the largest parties because, as of now, there are dozens of Albanian parties. Unfortunately however, relations between the main Albanian parties have been the monopoly of the PDSh. This centralized and authoritarian policy has resulted, especially, in an absence of dialogue, so that Albanian opinion and activity seem to be in full dissonance in regard to the great interests of the country. The national issue cannot be the monopoly of the opinion of a single person or of the orientation of a single party.

In regard to the aims of the Albanian political parties for national unity, Ceka says he agrees with Sali Berisha and Ibrahim Rugova that national unity is not an act but a process, and that the change of borders by force cannot be allowed in Europe today.

In light of the current sutuation, the need for a coordinating council of Albanian parties is essential. The time has come for this, and we are even behind schedule. The initiation of a roundtable dialogue would be one method of organization.

Another topic of our conversation with N. Ceka was his visit to Belgrade, which created quite a sensation at the time. In regard to this visit, he said: "We did not go there for the purpose of an agreement or pact. Our aim was to see what the political forces in Belgrade were like, including the Democratic Party of Serbia. The aim was to establish cooperation, and any suspicion in regard to a pact should be rejected. Right now, as far as our party is concerned, we do not see any possibility for cooperation. Let us add that we met with the Greek Communist Party during our visit to Athens."

Since we met with Ceka after the ADSh's discussions with the representatives of the Party for Democratic Prosperity, we asked his opinion on these talks. According to Ceka, it was a get-acquainted meeting at which the main lines of the parties' political programs were presented. They talked about important issues such as the fate of the Albanians in the present and future of the new Europe and the role of the political parties in confirming the legitimate aspirations of the Albanians and in finding effective means for the rapid integration of Albanian political parties into European political forums. "What we discussed did not have anything to do with our interfering in the internal affairs of any party or with our playing the role of a conductor's baton," Ceka stressed.

Official Says Defense Industry 'Barely' Alive

AU0203175695 Sofia STANDART NEWS in Bulgarian 28 Feb 95 p 18

[Interview with General Simeon Petkovski, chairman of the Military-Industrial Bloc, by Ognyan Stefanov; place and date not given: "Four Billion Leva Would Save the Defense Industry; Then the Defense Industry Could Save Bulgaria"]

[FBIS Translated Excerpt] [Stefanov] General, is Bulgaria's defense industry still alive?

[Petkovski] Barely. However, it is the factor that could put Bulgaria's economy back on its feet. [passage omitted]

[Stefanov] How much money do you need at present?

[Petkovski] Some 3.9 billion leva could put the defense industry back on its feet. This is the minimum. If the defense industry lives, Bulgaria will live. Everything else is utopia. If we again appeared on the international markets, this investment would be returned many times over. And if we were to really receive 30 billion leva, as some people are saying, all our problems would be solved.... I hope Minister Pavlov will demand the necessary budget funding.

[Stefanov] Perhaps the budget requests have not been made properly?

[Petkovski] Over the last five years we have not changed so much as a single screw. The weapons and equipment have become obsolete. Our ammunition has been used up on exercises and range firing. However, no new ammunition has been acquired. Is this sufficient argument? We have the "Strela" and "Strela 2M" missiles, but we do not have any new models. Other armies are rearming and developing. We are stuck in the same place. Those missiles must be fired after 10-12 years otherwise they become unusable. Our funds suffice only for the soldiers' wages, food, and clothing and for fuel. This is all. This is misery! The politicians must decide once and for all whether or not we are to have an army. [passage omitted]

[Stefanov] Does Russia owe us money?

[Petkovski] Everything has been settled with the Russian side. We owed them several million dollars but we have rescheduled our payments until 2000. Until then, we will repair Russian vessels, and thus not have to pay anything. In addition, there will be jobs and people will receive wages. The naval dockyard in Varna is already gaining momentum, and the employees are receiving very good wages. We are trying to provide commissions for other enterprises. In the future, we could repair the equipment of embargo states.

[Stefanov] General, what happened to Turkey's promise to repair and maintain the equipment that we received from the former GDR Army?

[Petkovski] They changed their minds. They say that they are only able to repair armored personnel carriers, and want us to provide the spare parts. However, this is not a serious offer, because we are also short of spare parts. This is equipment that is not being produced any longer. Of course we could modernize the carriers. However, first we must produce our own armored carriers, and only afterward—if the Turks are ready and willing to pay—could we deal with their carriers. [passage omitted]

[Stefanov] What has happened to our aircraft production?

[Petkovski] We produce aircraft in Plovdiv, but those are merely the first steps, because this profitable production was halted for many years after 1948. We have also halted car production, because some experts said that the whole thing was not worthwhile if we did not produce 200,000 cars per year. This is not true.

[Stefanov] Do you mean the "NAMKO-Pony" project?

[Petkovski] The line that would produce and assemble the cars is ready. The body parts have already been produced in Kyustendil. The cars will cost 12-13,000 German marks and would thus be competitive. We have already had inquiries from the Arab world. The Czechs offer similar cars with Peugeot engines for $21,000. Instead of beginning full production, they cut off the electricity and water supplies to the plant. Should the military pay for everything? We are shareholders through our "TEREM" Company, and have 49 percent of the shares. The rest belong to Mr. Kondoguris and other partners. The only positive thing is that the parts that we are importing have been exempted of custom duty. If this changed, it would be impossible to sell the car. "NAMKO-Pony" has a future, because if we produced 5,000 cars per year the enterprise would be profitable. In addition several hundred people will have jobs. [passage omitted]

Purvanov Denies Changes, Opposition in BSP

AU0303120595 Sofia KONTINENT in Bulgarian 28 Feb 95 p 3

[Interview with BSP deputy chairman Georgi Purvanov by Rumyana Emanuilidu; place and date not given: "BSP Will Conduct Policy Leading Toward Coalition With All Leftist Forces"]

[FBIS Translated Text] [Emanuilidu] Mr. Purvanov, what would the Bulgarian Socialist Party's [BSP] policy be toward the extraparliamentary forces, especially on the eve of the municipal elections?

[Purvanov] Cooperation with the extraparliamentary parties on the eve of the municipal elections could prompt an expansion of the coalition, especially at the municipal level. We see the Patriotic Alliance as a solid future partner. We hope to be able to develop cooperation with the Democratic Alternative for the Republic [DAR] as a whole, or at least with certain groups within DAR.

[Emanuilidu] How would contacts between the BSP and the Bulgarian Social Democratic Party [BSDP] develop?

[Purvanov] There are different ideas. I even read something about a BSP-BSDP conference. Certain newspapers even said there would be almost a unification between the two parties. I do not think this is accurate. We have never aimed at an organizational unification of Socialists and Social Democrats.

I think it would be best to effect first a political agreement, which could be tested at the municipal elections. If the agreement works, I am almost positive that we would have a good basis for cooperation during the presidential elections. I could even say that cooperation would be imperative then. After the end of this National Assembly's mandate, we should think about joint participation in the next elections.

I hope that the prudent tendency will prevail at the upcoming BSDP Congress, something that would prompt the consolidation of the entire Bulgarian left.

[Emanuilidu] How would relations between the ruling BSP and the Presidency develop?

[Purvanov] The president's behavior is alarming and some of his recent statements evoke our concern, to put it mildly. I think that his "imprecisely quoted, reported, and explained" statements became too many, and this puzzles us. I am concerned even with his edited statement to the ANTALIYA PRESS AGENCY according to which it appears that Bulgaria was the aggressor in the Balkan wars. According to Dr. Zhelev, Turkey "has not attacked Bulgaria since 1885, i.e., since the unification of the state." I was greatly concerned with his statement, according to which the BSP censures the president's statements on television. This reminds me of the saying "he who cannot talk blames the television for his failure."

I would like to recall that despite the pressure of party members, especially those from the mixed regions, the BSP intentionally refrained from assessing the film "Burn, Burn Little Fire," in order to prevent the further politicization of this issue.

Obviously, a principled and correct dialogue between the Presidency and ourselves is yet to begin.

[Emanuilidu] Would there be any organizational or structural changes in the BSP as a ruling party?

[Purvanov] As far as I am familiar with the materials of the upcoming meeting of the BSP Supreme Council, which has the working name "BSP as Ruling Party, BSP in Power," I could say that no radical changes in the BSP organization should be expected.

The Supreme Council must be preserved as a center where the basic principles of our policy are worked out. Its commissions should not only continue their work but must be activated and turned into unique political laboratories in which the basic principles should be worked out with the active participation of Supreme Council members, ministers, deputies, and experts.

[Emanuilidu] Is there an internal opposition within the BSP?

[Purvanov] An opposition could exist where there are significant ideological differences. A clear ideological consolidation within the BSP became evident after the adoption last year of the party program through an internal party referendum and with a great majority. This ideological consolidation has been confirmed during the election campaign and immediately after.

[Emanuilidu] Does this mean there are no disputes within the BSP?

[Purvanov] Of course there are disputes, differences, and even contradictions. However, they take place at the stage of forming policy. After the adoption of the decisions a uniform approach to seeking means of implementation emerges.

[Emanuilidu] How does the BSP assess the new leadership?

[Purvanov] There will be an all-party conference in July that will discuss the results of BSP government actions and generally mark the principles of the election tactics of the BSP and its partners in the upcoming municipal elections. Thus, it is too early to draw a balance of the first days of the Democratic Left government.

[Emanuilidu] And yet?

[Purvanov] First of all the impression emerges that the government does not intend to be a "short-term" government. It aims at implementing a long-range program—not only within the framework of its four-year mandate—and at marking the beginning of serious changes in our country's economic, social, intellectual, and political life.

Government Discusses Security, Intelligence Service

LD0203144695 Prague Radiozurnal Radio Network in Czech 0600 GMT 2 Mar 95

[FBIS Translated Text] [Announcer] The survey of control and management mechanisms of the government regarding the Security and Intelligence Service [BIS] presented by Interior Minister Jan Ruml and the theses on the possibilities of their strengthening, presented by Jiri Skalicky, administration of privatization and national property minister, were the main points of the government session yesterday.

According to Vaclav Klaus, control mechanisms were divided into five spheres. The government explains this by saying that citizens would not otherwise believe that anything happened around BIS. Prime Minister Klaus went on to say:

[Begin Klaus recording] The government wants to see the director of BIS more often, to set him tasks, to discuss things with him, to have activity reports presented more often, not only once a year, and so on. I mean the government as a whole. Second, it wants to carry out certain innovations of the Council for Security work, I mean both personnel innovations and contents innovations. [end recording]

[Announcer] Interior Minister Jan Ruml at the same time denied speculations that BIS should be in his department. That will be possible only after parliamentary elections in 1996. This was also mentioned at Ruml's meeting with President Vaclav Havel. It was another regular meeting the president holds with ministers after government sessions. Vaclav Havel was satisfied with the report that there existed the possibility of making BIS work better arranged, thus improving the whole situation. This should be enhanced by a meeting of several ministers, which will be convened by Prime Minister Vaclav Klaus next week. The ministers should prepare the changed status of the Council for Coordination of Intelligence Services. President Vaclav Havel also spoke about this.

[Begin Havel recording] I do not think strengthening the control or management roles of the government toward BIS could be correctly interpreted as mistrust toward BIS. When I visited BIS, I found out that BIS itself wanted to have more tasks, to have its activity under greater control, to have someone assess its work. It is then in the interest of BIS, the government, the general stability of the situation in our country, the interest of the trust in the state, and state institutions. [end recording]

Competence of Army Intelligence Chief Questioned

AU0203193595 Prague RESPEKT in Czech No 9, 27 Feb-5 Mar 95 p 5

[Article by Jaroslav Spurny: "General Prochazka's Anti-German Offensive"]

[FBIS Translated Text] General Radovan Prochazka, a man who introduces himself to his subordinates like an "attacking fighter aircraft with the strength of a three-member formation," was appointed by the government to the post of head of the Army's secret service last week. His is not an unfamiliar name. This officer and former political prisoner has been working within the Czech intelligence community for five years. He has several exploits to his name that caused an international uproar. In particular, the anti-German campaign of 1992, when, as head of the civilian intelligence service, he sent Prime Minister Pithart a classified memorandum warning of the threat to Czech sovereignty from German capital, has made him famous. At that time, Bonn protested by diplomatic means, and the Czech Government acknowledged the weakness of Prochazka's arguments. Two years later, when the general was director of military intelligence, the then defense minister, Baudys, distributed his famed plan for resolving the Bosnian crisis through Prochazka's foreign intelligence officers. This led to another international scandal. This and a number of other slipups have not, of course, had any influence on his career. For Prime Minister Klaus and Defense Minister Holan, Gen. Prochazka is now an indispensable expert, whose intelligence activities are not curbed by anyone and go virtually unsupervised.

Where the Money Goes

Although, along with Radovan Prochazka's appointment last week, the government also approved the statute for his Military Intelligence (the merged Army intelligence and counterintelligence), to date, it is virtually impossible to control this service. In the original laws, control is referred to only marginally, and there is not yet an umbrella law on control. Therefore, no one except the Defense Ministry can oversee the work of Prochazka's institution. But, Holan's department, too, has its own limits in this matter: For example, even the ministry's management does not know how its secret service is spending the money allocated to it. Military intelligence simply gets a specific sum and how much it spends—for example, on gas or on officers abroad—only it itself knows. The reports from the military attaches arrive at the desk of the defense minister and are also available to the Foreign Ministry. A number of pearls are already circulating in the Cernin Palace about the quality of the "Army's information." For example, one tells how Minister Zieleniec received for his perusal a military document marked with two zeros (strictly classified); it became apparent that this was, more or less, a literal copy of an older memorandum from an ambassador and was, moreover, compiled from quotations from television and newspaper reports. Another example: Last year, when the Iraqi Army started to move toward the Kuwaiti border, the Foreign Ministry got this information from the Americans. Major General Prochazka later explained the silence on the part of his subordinates by saying that this did not involve a direct risk to the Czech Republic.

At the moment, 24 men subordinate to Military Intelligence (the so-called legal intelligence officers) are working at Czech embassies. Apart from in the United States and the major European countries, we have military and air attaches in Libya, Syria, and China. These experts have their own coded and radio communications with the mother country and, until recently, were virtually independent of the "rest" of the diplomatic mission. The situation in which ambassadors had no inkling of what their Army colleagues were doing led, in the long run, to the secret dissemination of the aforementioned Baudys plan among Western diplomats. Because of the subsequent international embarrassment, the soldiers, of course, lost their privileges. Baudys's successor, Vilem Holan, signed an agreement with his colleague Zieleniec that intelligence attaches are formally subordinate to the ambassador.

The Wayward Child of Czech Foreign Policy

Radovan Prochazka (in the 1950's, he was sentenced to 14 years imprisonment for anticommunist resistance) is, according to a military bigwig, a kind of enfant terrible of Czech foreign policy. Although he had to leave the civilian intelligence service in 1992 because of his bitterly anti-German stance, he was accepted by the Army. At that time, his deputy, Ruzek, who is now the head of military counterintelligence, went with him to his new post. In the same way, Stefan Bacinsky, who was forced to leave the Security Intelligence Service, or the journalist Bohuslav Ventura, who had to leave his post as Czech Police press spokesman, got into the Army's services.

Meanwhile, Radovan Prochazka's most recent anti-German offensive came last fall. He issued an internal memo that Czech generals must not attend a reception organized by the German Embassy to mark the fifth anniversary of the exodus of the eastern Germans. A few months earlier, he had tried to include the historical plans for the First Republic's network of bunkers along the German borders in the "official secret" category. Apparently, they could still be used for the Czech Army's defense strategy.

The truth is that, as far as security risks are concerned, Gen. Prochazka is equally vigilant with regard to both Germany and the East. According to the part of the security doctrine drafted by the military, the countries of the former Soviet Union are one of the possible flashpoints of an international conflict. Nevertheless, the Czech Army is still using a Soviet code system and just last year Russian experts were in charge of maintaining its air traffic control equipment.

Participation in UN Haiti Mission Canceled

AU0203155895 Bratislava SME in Slovak 1 Mar 95 p 2

[Article by "jam": "Slovakia Will Not Send Field Hospital to Haiti"]

[FBIS Translated Excerpt] Bratislava—Slovakia will not send to Haiti a mobile field hospital within the framework of the UN peacekeeping mission, despite a promise given by Jozef Moravcik's government. This was decided yesterday by the government of Vladimir Meciar, which cited financial problems of the defense department. The decision will be communicated to the UN through official channels today. The request to provide a field hospital, including some 95 staff, as part of the UN peacekeeping contingent was addressed to the Slovak Government by UN Secretary General Butrus Butrus-Ghali. [passage omitted]

Meciar Feels Treaty With Hungary Will Be Signed

LD0203205895 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1730 GMT 2 Mar 95

[FBIS Translated Excerpt] [Announcer] Yesterday's meeting in Budapest between Hungarian Foreign Minister Laszlo Kovacz and Hungarian expatriates indicated that the promising developments in Slovak-Hungarian relations suffered certain setbacks. The information from our correspondent in Budapest implied the same. We were therefore much interested in the Slovak point of view. Our correspondent Jarmila Tosecka spoke with Slovak Prime Minister Vladimir Meciar.

[Begin recording] [Tosecka] The basic treaty, which is currently being prepared, belongs in the realm of unsettled matters between the Slovak Republic and Hungary. It seems that we were too optimistic about the date of its signing. Yesterday, in Budapest, Hungarian Foreign Minister Laszlo Kovacz said, among other things, that it is not yet certain that the basic treaties with Slovakia and Romania will be signed, or that this would take place on 21 March. This looks like an unexpected and unfavorable indication, does it not?

[Meciar] We always have to remember that everything is still in progress. Yesterday, I had a discussion with Hungarian Prime Minister Gyula Horn. Our debate was, by and large, interesting. We both confirmed our willingness to resolve the problems surrounding the basic treaty. Moreover, we both have already been invited to Paris to a ceremony of signing the treaty within the Pact of Stability, and we both would like to make it happen. [passage omitted] The only matter of dispute is the issue of minorities. This does not mean that Slovakia does not want to adopt European regulations. What it means is that Slovakia does not want to change these European regulations. But even this is not an insoluble problem.

The terms used might be different, but both parties involved in the discussion are coming closer. I therefore see a possibility that the agreements can be signed on 21 March. Even if the working commissions do not complete their work in time, we have the support of both foreign ministers and prime ministers.

[Tosecka] Mr. Prime Minister, allow me to put forward this comment. Yesterday, in Budapest, the meeting with Hungarian Foreign Minister Kovacz was also attended by Bela Bugar [chairman of the Hungarian Christian Democratic Movement], Miklos Duray [chairman of Coexistence] and Laszlo Nagy [chairman of the Hungarian Civic Party]. Even before their visit to Hungary, they complained here in Slovakia that in January they had sent you a letter asking for a meeting regarding the prepared basic treaty with Hungary and had received no answer. Why?

[Meciar] I did receive a letter asking for something else, not for talks on the treaty. It is true that I waited and begged them for four months to have a meeting, while they have been waiting only a month, holding intensive talks in Budapest instead of at home, in Slovakia, regarding the content of the treaty. This is not good for the process. The Slovak-Hungarian treaty is not a problem; the problem lies with their attitude toward doing politics. Once this treaty is signed and relations improved, their politics will be unprecedented [as heard] and unacceptable to both states. [end recording]

Meciar Says No EBRD Loan Needed for Mochovce

AU0203171295 Vienna DIE PRESSE in German 2 Mar 95 p 4

[Interview with Slovak Prime Minister Vladimir Meciar by Wolfgang Boehm; place and date not given: "Mochovce Will Not Become a Second Zwentendorf"]

[FBIS Translated Text] [Boehm] On 3 March you will be coming to Vienna for talks with the Austrian Government. These talks will primarily focus on the Mochovce nuclear power station. What do you hope to gain with this visit?

[Meciar] Relations between Slovakia and Austria are very rich. Mochovce is only a small part of them. We will also discuss regional cooperation and the EU. Regarding Mochovce, we should explain the problems to each other and look for possibilities to solve them. Mochovce is a technical construct and should, therefore, not be an issue with political implications.

[Boehm] Are you ready to discuss alternatives for this nuclear power station in Vienna—that is, the conversion into a gas-fired power station, for instance? Would this be a possibility if you received financial support for that from West Europe and Austria?

[Meciar] Enormous sums have been invested in Mochovce. The power station consists of four units. A total of 95 percent of the first unit has been completed and 85 of the second unit. Who will compensate for this loss? At issue is about 11 billion schillings plus the follow-up costs for not putting the power station into operation. Is Austria wiling to compensate us with so much money? In addition, the conversion to gas involves technical problems. The economically disputed questions regarding conversion have not been clarified. In 2005 we will close down Bohunice, after Mochovce has been put into operation. In addition, Mochovce should be the last power station to be built in Slovakia.

However, I am particularly surprised by one thing: The decision about Mochovce was made at a time when I was in opposition. At that time, Austrian politicians were quiet. Our President Kovac even presented Slovakia's nuclear plans in Vienna. At that time no one protested. In addition, there is a nuclear power station with even greater capacity, which is closer to the Austrian border than Mochovce in the Czech town of Temelin. Austria has not taken any such steps against it as it is taking now against the Slovak power station.

[Boehm] Has Mochovce put a strain on bilateral relations between Austria and Slovakia?

[Meciar] It is difficult to understand why Austria is using different standards for its relations with Slovakia from those with the Czech Republic. It is also difficult to understand why this campaign against Mochovce started precisely after the new Slovak Government assumed office. Why? Slovakia is interested in good relations with Austria. However, it would not be good if the trends of the past months continued or even escalated. Mochovce will certainly not become a second Zwentendorf [Austrian nuclear power station, which was built but never put into operation because of a negative referendum]. If you held a referendum in our country, you would see that a majority is in favor of this power station.

[Boehm] Will you try to make concessions to the Vienna Government on Mochovce?

[Meciar] We are willing to talk about Mochovce, but not primarily about halting the project. The Slovak Government is interested in the security of its own citizens. Three expert studies have shown that the power station is safe. I do not yet know what the Austrian Government will be demanding and what it will be offering us. In Austria all of the parties are pursuing the same policy and not even listening to their own experts.

[Boehm] What will happen if the European Bank for Reconstruction and Development (EBRD) decides not to participate in financing Mochovce? Will the power station then be completed with Russian help, as you have announced?

[Meciar] Nothing will happen. We can complete the power station with our own funds. I even believe that this would be better. I never said that Mochovce would be completed with Russian money. Only the documentation about the nuclear power station comes from Russia. However, we could complete the power station together with the Czechs.

[Boehm] So is there no support from Russia?

[Meciar] There are just considerations regarding the delivery of fuel rods and their disposal. But these are old contracts.

[Boehm] Slovakia is striving to join the EU and NATO. Do you expect problems with Russia over that?

[Meciar] All of the political parties in Slovakia are in favor of orientation toward the Atlantic. By 30 June we want to have applied for full membership in the EU. Russia is not causing any trouble for us in this regard. However, security policy in Europe will not work without Russia.

Kovac May Be Deprived of Naming SIS Director

AU0203174795 Bratislava SME in Slovak 1 Mar 95 p 1

[Article by "bog, ll": "According to a Proposal by Dusan Macuska, the Slovak Information Service Director Should Be Appointed Not by the President but by the Government"]

[FBIS Translated Excerpt] Bratislava—Dusan Macuska, deputy for the Movement for a Democratic Slovakia [HZDS], has drafted an amendment to the law on the Slovak Information Service (SIS). He confirmed this to SME yesterday, adding that he would explain the motivation behind this step in the near future. [passage omitted] We have managed to ascertain that Macuska's amendment concerns Article 3, Section 2 of Law No. 46 of 1993, which should read: "The SIS director is appointed and recalled by the Government of the Slovak Republic on the basis of a proposal of the prime minister of the Slovak Republic." According to Macuska's proposal, the amendment should take effect the day of its promulgation. In the original wording of the law, which the National Council of the Slovak Republic [NRSR] passed on 21 January 1993, Section 2 of the aforementioned article reads: "The SIS director is appointed and recalled by the president of the Slovak Republic on the basis of a proposal of the Government of the Slovak Republic. The proposal to recall the SIS director can also be submitted to the president of the Slovak Republic by the NRSR.

In an explanatory statement regarding his proposal, Macuska states that, according to the law, the SIS director is accountable for the execution of his post to the State Defense Council, which is chaired by the prime minister. "The proposed amendment to NRSR Law No. 46 of 1993 logically seeks to combine the responsibility of bodies charged with the security policy of the Slovak Republic with the authority to appoint personnel," the explanatory statement says. [passage omitted]

The government submitted the proposal to recall SIS Director Vladimir Mitro to President Michal Kovac as early as 14 February.

Commentary on 'Distrust' of Euroregion Project

AU0203193495 Bratislava SME in Slovak 1 Mar 95 p 4

[Commentary by Ondrej Dostal: "The Unavoidable Story of the Carpathian Euroregion and Signals for the Future"]

[FBIS Translated Text] Another episode in the intricately evolving relationship between the Slovak Government and the Carpathian Euroregion is being wound up these days. Slovakia's acceptance of full-fledged membership at the Debrecen meeting was followed by a strictly negative and, at times, almost hysterical reaction by the Bratislava government and some of its members. Last week's meeting of the Council of the Carpathian region at Vranov nad Toplou drew a line under the whole affair. It is now obvious that the self-administration bodies will respect the government's negative attitude toward Slovak participation in the Euroregion.

The course and the outcome of the whole affair were unavoidable, in a way. The Slovak part of the Euroregion thought quite logically that, after two years of preparatory work, the time had come to put its status on an equal footing with that of the other members. All the more so as the decision is now to be made about the seat of the General Secretariat of the Carpathian Euroregion and about the choice of a secretary general. East Slovakia had considerable chances in this regard, but the government's negative stance moved them into the realm of wasted opportunities.

From a certain viewpoint, the government's attitude is completely understandable. One cannot be surprised that a government coalition that gained a formidable part of its political potential by spreading xenophobic moods will view attempts at "suspicious contacts" with the central target of its xenophobic propaganda with distrust. One cannot be surprised that a government that seeks to concentrate in its hands maximum powers will be afraid of independent civic activity and of local self-administration bodies acting as sovereign and independent entities. And, finally, it is completely normal and understandable that political forces that base their existence on confrontation and are famous for their ability to provoke scandals will not let slip such an opportunity to demonstrate their strength.

Just as unavoidable, literally unavoidable, was the compliant and submissive stance of the Slovak part of the Carpathian Euroregion. The mayors participating in the Euroregion project had, in fact, no other option but to temporarily retreat. Due to the weak position of municipal and other local councils vis-a-vis the central government, the nonexistence of regional self-administration bodies, and the absence of legislative norms governing cross-border cooperation, east Slovakia could not defy the government.

The next episode is thus behind us, but the story is not over. Natural regions will not cease to exist by virtue of a government decision and [illegible] need for cross-border cooperation, too, is independent of the whims of central power. The east Slovak self-administration bodies will continue taking part (though not as a fully fledged member) in the work of the Carpathian Euroregion. No one can prevent them from taking part. And it is certain that they will try to gain equal status also in the formal sense. The struggle for the Carpathian Euroregion is thus becoming a test of Slovak political representatives' maturity. A change in the Slovak Government's attitude toward this project will be an unmistakable signal of an overall change in its thinking. Or its composition.

State Secretary Views Relations With Slovakia

AU0303085995 Bratislava PRAVDA in Slovak 21 Feb 95 pp 1, 12

[Interview with Istvan Szent-Ivanyi, state secretary at the Hungarian Foreign Ministry, by Julius Lorincz in Budapest; date not given: "We Need a Good Basic Treaty"]

[FBIS Translated Text] Even before last year's parliamentary elections in Hungary, Istvan Szent-Ivanyi (38) was a politician (at that time, still in the opposition) who involved himself extensively in settling relations with neighboring countries. A founder of the Union of Free Democrats, he belongs to the generation of young erudite Hungarian politicians and now, in the socialist-liberal coalition government, holds the important post of state secretary at the Hungarian Foreign Ministry. He received us in his office in Budapest for an interview on, first and foremost, Slovak-Hungarian relations.

[Lorincz] The foreign ministries of our two countries have agreed that they will not release any interim information on the course of the experts' work on drafting the Slovak-Hungarian treaty, and for this reason I do not want to tempt you as, so to speak, one of their superiors, to reveal what they cannot. Nevertheless, let us return to the introduction to the Budapest talks between Prime Ministers Gyula Horn and Vladimir Meciar. Many people consider it to be a breakthrough. In your opinion, what is the driving force behind this turnaround or possible beginning of a turnaround?

[Szent-Ivanyi] We will find out only after some months if it was a real turnaround, but we definitely consider the meeting between the prime ministers to be encouraging. First and foremost, they negotiated matter-of-factly, there was no lack of willingness to seek a compromise, and they outlined the possibilities for an agreement. Very specific results were achieved in certain things—I have in mind, for example, the division of the Danube waters—and the principle features for agreements were traced in other things. This applies to the concept for the basic treaty. Admittedly, they did not go into the details, but they outlined the orientation points of the route along which an agreement may be reached. The treaty will declare clearly that our states have no territorial claims against each other and that they consider the borders of their treaty partner to be inviolable. At the same time, in a special agreement of equal legal importance, we will underline our intention to guarantee the rights of the ethnic minorities.

[Lorincz] Is this bilateral accommodating attitude the upshot of domestic necessity or, first and foremost, of external pressure from the rest of Europe?

[Szent-Ivanyi] I would not talk about pressure on Budapest and Bratislava; rather, about a positive anticipation.... Our partners in Western Europe have made it clear to us that the endeavor for good-neighborly relations is one of the basic elements of our acceptability for European integrative and security structures. I think it is in the interest of both our countries to draft a good basic treaty that will provide responsible and genuine answers to Hungarian and Slovak concerns and problems.

[Lorincz] The two prime ministers said in Budapest that the treaty should be drafted and signed by 21 March when the fulfillment of the European Stability Pact by specific deeds begins being assessed in Paris. Will there be a treaty by then?

[Szent-Ivanyi] You have said that you will not tempt me with questions about the work of the experts, well.... In my view, it is not unrealistic to expect that we can reach a result at the expert level within the foreseeable future. However, in my opinion, the deadline is not fundamental—although I am not underestimating it—but it is important for us in this process to do a good job. We want a basic treaty, but it is not the main aim; it will not in itself resolve everything. It is an instrument that will contribute to dealing with the sore points in relations between our countries that have accumulated in recent years. And, this does not only concern, for example, minority issues, but other issues as well. Now, in connection with the Mochovce nuclear power plant, for example, the issue of environmental protection has arisen. The treaty has the right to draft a framework for a possible solution to such problems.

[Lorincz] Does Hungary already have similar treaties?

[Szent-Ivanyi] We have very good treaties with Ukraine and Slovenia and we are preparing to conclude one with Croatia, but there has been less tension in our mutual relations with these countries. Hungary wants to show that it is capable of cooperating and adjusting its relations on a treaty basis with countries where there are more of these problems, problems that often go back several centuries. We would also like to conclude one with Romania. Our treaty could be an example for all states that have certain tensions in their relations.

[Lorincz] In connection with the March deadline, I have noticed that concern is being expressed, particularly in Hungary, that the treaty will be signed at any price, just so long as it exists. If it is a too general, "macerated"...

[Szent-Ivanyi] I know about these concerns, but I assume that neither of our countries is interested in signing a merely declarative, vacuous treaty. The Hungarian Government wants a treaty worthy of comparison with the other bilateral agreements of this kind in Europe.

[Lorincz] The heads of our countries' diplomatic corps, Messrs. Kovacs and Schenk, signed the Council of Europe General Agreement on Protecting Ethnic Minorities along with the representatives of other states in Strasbourg. How do you view its significance?

[Szent-Ivanyi] I suppose this is a basis that is not the European norm, but the European minimum on which, at this time, European countries from Portugal to Bulgaria and also the republics of the former Soviet Union could agree on. Other norms apply in Catalonia, South Tyrol, Finland, Slovakia.... That is, it is not a universal European norm, but the Strasbourg agreement defines the minimum that all states have to implement. In this regard, Slovakia and Hungary are among the more advanced countries, that are above this minimum in their practice. For example, this holds true for the Hungarian law on national and ethnic minorities and, in a certain sense, there are also solutions in Slovakia that are above this minimum—but there are also areas where, in our view, it is necessary to make progress.

[Lorincz] In Slovakia, however, it is being said that this is the maximum that could have been achieved.

[Szent-Ivanyi] I know about this but I do not think it is the correct approach and, for this reason, I have spoken about it. The countries that want to enter into the EU and would like to be in the European mainstream—countries such as Hungary, Slovakia, the Czech Republic, and Poland—should not keep their effectiveness to a minimum in anything, neither in observing human nor social rights. Quite simply, they should do the most they can—within the framework of their potential, naturally. Therefore, Hungary, for example, is not insisting that collective rights be enshrined in the basic treaty with Slovakia or in the agreement on minorities, and it is not essential for the demand for autonomy to be formulated there. That is, we do not want to get to the maximum, but at least as far as where, in our view, everyone—in Slovakia too—who advocates a rule of law and a stable democracy can adopt a specific solution.

[Lorincz] Since we are talking about Europe, there is a major problem here: Russia's negative attitude toward the enlargement of the North Atlantic Alliance. Russia is concerned about this, and, at the same time, it is impossible to imagine a European security system without Russia.

[Szent-Ivanyi] Enlarging the Alliance, as it were, against Russia would be a mistake. This would reduce stability. We think that NATO has to strive for a cooperative relationship with Russia.

[Lorincz] Obviously, however, the Atlantic Alliance also has to change...

[Szent-Ivanyi] Yes, but the Alliance no longer considers Russia to be its enemy. However, anxiety about the Alliance evidently persists in Russia. NATO, it is true, has to maintain the possibility of being able to protect the other nations in Europe in the event of a dictatorial military coup in Russia. However, it is in our common interest to make sure that democracy is strengthened in Russia, that this country is linked ever more firmly with the rest of Europe. I do not rule out the possibility that Russia will be part of a Pan-European security structure, which will probably not be called NATO. This will not happen in two or three years, but it is not in the unforeseeable future.

[Lorincz] By all accounts, the Central and East European countries are unable to themselves deal with the tasks associated with integration into European structures. The West should help more with this.

[Szent-Ivanyi] I also see it like this. I remind our Western partners that if they leave these countries to their own devices—this applies to all of them, including the Czech Republic, which is, evidently, developing most dynamically—then the gulf between us will grow. First, it is necessary to draft and implement a comprehensive financial, technological, and investment plan on the basis of which these states will receive an infusion that will speed up the process of their adaptation to industrially advanced Europe. Second, it is necessary to attach the psychological engine in front of the rolling stock or, in other words, to define specifically the possibilities and conditions for incorporation into the EU, which may mobilize the internal energy of the states that are coming into consideration for membership in the EU. They understand this in the West, but their resources are also limited. That is, we cannot count on large sums. There will not be another Marshall Plan. However, we can count on becoming linked to the trans-European systems, to investments in the infrastructure sphere, this blood circulatory system through which assistance can actually get to us.

Tabajdi Comments on Hungarians Abroad

LD0203144795 Budapest Kossuth Radio Network in Hungarian 0545 GMT 2 Mar 95

[FBIS Translated Text] We have just broadcast the first part of an interview with Csaba Tabajdi, political state secretary in charge of minority affairs in the Office of the Prime Minister. Tabajdi said in this interview, among other things, that although the Hungarian Government takes into consideration the concerns expressed by the Hungarian community of Transylvania [Romania] and the upper region [Slovakia], he can see an opportunity for the conclusion of the basic treaties with Slovakia and Romania by 20 March. Now you can hear the second part of the interview:

[Begin recording] [Unidentified correspondent] Mr. State Secretary, during the talks with the heads of Hungarian minority organizations yesterday, you summed up the opportunities of the Hungarian minority abroad in eight points. I quote: more active participation in local political life, in local governments.

[Tabajdi] This means that since the Hungarian community cannot achieve significant results at the parliamentary level in either Slovakia or Romania, efforts should be made to organize more events, to achieve more things for the Hungarian and non-Hungarian population on the spot, in local political life—where Hungarians are in the majority in local governments, anyway.

[Correspondent] You have proposed that the Hungarian minority should grasp opportunities in embourgeoisement, privatization, and marketization in a more effective way.

[Tabjadi] This is a key issue today, because the issue of central European minorities—and within this, the Hungarian communities abroad—depends on the question of whether they can take part in the marketization process as owners, or get squeezed out of the process of privatization. This is one of the most important matters today. The Hungarian Government pays great attention not only to cultural rights, not only to negative discrimination in this field, but to the fact that the Hungarian communities should not be negatively discriminated against in privatization. This is a key task today.

[Correspondent] Yes, but I remember Romanian and Slovak state pronouncements that called public attention to the danger of Hungarian economic expansion. A lot of joint ventures are operating in Transylvania and in the upper region, and this is not really welcomed by official circles there.

[Tabajdi] The matter in question is not a Hungarian economic expansion but cooperation between regions along the borders from which Hungarians and Romanians can benefit equally. Hungarians can take a very active role in our program for regaining a part of our former Eastern markets. This can promote economic development in the neighboring countries, too.

[Correspondent] How should we interpret the idea that the Hungarian minority should present its demands in a more concrete, more unambiguous way?

[Tabajdi] In order to find more allies in Western countries and at international forums, it is necessary that certain legitimate minority demands not be expressed in the form of abstract terms, such as internal self-determination [belsoe oenrendelkezes]—which can be debated for a long time—but rather in the form of concrete demands, such as: equal participation in privatization, the reestablishment of Bolyai University in Kolozsvar [Cluj-Napoca], the freeing of Pal Cseresznyes, and modification to education. These are just a few examples from Romania. This is what I mean when I talk about concrete demands.

[Correspondent] Let us go ahead. I think that is no need to elaborate on the need for cooperation between the various lines of Hungarian organizations. That is absolutely clear. However, your recommendation, that resoluteness and consistency in political activities be accompanied by calmness and flexibility...

[Tabajdi] It is important that the Hungarian communities not relax an iota on the issue of legitimate demands. However, it should be presented in a way that we can find more allies for this in the West and also within the political elite of the neighboring countries, as long as possible.

[Correspondent] Two of your program points deal with the presentation of the Hungarian minority's demands abroad. A lot of people think that foreign countries are fed up with Hungarian moaning. Of course, this I say in quotation marks.

[Tabajdi] We cannot achieve anything with national self-pity. It is also not advisable to lecture our Western partners about history. We must use a language to which the West is very sensitive. The question of ownership is one of the possible fields of communication. Most of the properties of Hungarians abroad were expropriated by the communists in Slovakia, Romania, and other places after 1945. If these Hungarian communities are now squeezed out from privatization, I think West European political and wider public opinion will listen to the problem. Moaning does not help. We have to prove with concrete facts, data, statistics, that the Hungarian community is well underrepresented in prosecutor's offices, that there is no Hungarian general in Romania, that there is no ambassador of Hungarian origin in the diplomatic bodies, and the fact that only six Hungarians are present in the 240-strong privatization committee of County Mures [Romania]—where, incidentally, half of the population is Hungarian.

[Correspondent] Following the formation of the social-liberal government in Hungary, a lot of people worried about the Horn government's future relations with the Christian-minded organizations of the Hungarian communities abroad. Now, Laszlo Toekes [Tokes], honorary chairman of the Hungarian Democratic Community of Romania [HDUR; in Romanian, UDMR] and bishop of the Reformed Church [in Romania], announced yesterday that the Hungarian Government treated the problems of various Hungarian minority organizations on equal terms, and, in his words, Csaba Tabajdi is practically predestined to be in charge of the matter. You must have been pleased with this remark and found it reassuring.

[Tabajdi] Yes. This indicates that we would like to keep equal closeness—and not distance—with every political trend and organization irrespective of party or political affiliation and ideology. This is why we organized this meeting for the first time. There has been no precedent for this kind of meeting over the past five years—and this is not my opinion; it has been confirmed by Miklos Duray [Coexistence chairman], Bela Marko [HDUR chairman], and others as well. Because, finally, we have managed to hold talks on strategic questions. [end recording]

Intelligence Chief on Image, Mission, Capabilities

AU0203160295 Budapest NEPSZABADSAG in Hungarian 1 Mar 95 pp 1, 13

[Report on interview with Major General Kalman Kocsis, director of the Information Office, by an unidentified correspondent; place and date not given: "The Intelligence Service Cannot Have an Enemy Image"]

[FBIS Translated Excerpt] [Passage omitted] Kocsis says that the intelligence service was dismantled in certain former socialist countries, and that this had a price. "This is a profession. It has to be learned." With the change in regime, a minimal cleanup was implemented in the Hungarian intelligence service for political reasons. However a few hundred people have left in recent years. (Primarily for financial reasons: In the civilian sphere, an expert with similar qualifications can earn three or four times as much.)

A six-month course is being run at the moment. Mostly people who speak several languages and have a university degree attend. The intelligence-gathering profession is taught to them by those who know it, including Kocsis. [passage omitted]

Returning to financial issues: "A 30-to-45-year-old midrank intelligence officer with a university degree grosses 45 to 50,000 forints [per month]. No need to comment on this." The superstars of all intelligence services, the mathematicians who solve the secret codes, do not receive significantly more. [passage omitted]

What is the current mission of the secret service under Kocsis' leadership? "We are not affiliated with any party; we do not have an enemy image—which is like dirty glasses, blurring the vision—nor do we have any phobias, either. Our task is to serve Hungarian state politics, to assist it in making optimal decisions. The government occasionally asks us questions and our task is to give answers according to the best of our knowledge. We did not assess what the expected answer might have been during the previous government and we do not do so now, either. It is deadly to intelligence when intelligence begins to serve a political course...." [passage omitted]

What dangers do officers who serve for long or brief periods abroad face? The work has not become less dangerous. Kocsis says that the time is past when diplomatic "cover"—diplomatic passports—protected everyone when the worst that an intelligence officer could expect happened. The job has also become more complicated because foreign organized crime—for example, drugs and nuclear smuggling—is now an issue that has to be dealt with. Intelligence officers might have to risk their lives. They are often directed to go into high-tension areas where there is fighting: It is partly luck that we have not had any casualties.

Fictitious Biographies on the Increase

As to the results of the work? Some of it cannot be measured and most of what can be measured cannot be revealed, either. However, some facts can be cited. Crime investigators tend to receive information from abroad, from intelligence services, regarding many detected nuclear material deliveries. [passage omitted]

A new type of mission also exists: In the wake of changes, people whose actual biographies do not necessarily coincide with what they say about themselves have appeared in the country. They might approach politicians who might even call them friends: The intelligence service can prevent such mistakes if politicans ask them for assistance. A few years ago, an Italian businessman went to the Russian state leadership with major offers and was received appropriately until it came to light that he was a common swindler. However, it has not yet been published anywhere that the same person came to see then Prime Minister Jozsef Antall, who asked us to check him out, to see if he was who he purported to be. "We checked him out. The bubble burst with us."

We asked Kocsis about relations with neighboring countries with which we obviously have to cooperate—against organized crime, for example—but who [as published] might also be of interest to us. "Our relations are dialectic: We cooperate when we need to, but they are also interested in our situation, and that interest is mutual." We asked Kocsis for his views on a statement made by the head of Russian intelligence in Budapest: "Although we are working in your country, it is not against you." The reply: "I do not believe that our counterintelligence officers are very excited about this theory. As a matter of fact, Primakov also said that we can strengthen mutual confidence by getting to know each other better. We listened to that theory, too." [passage omitted]

Official Examines Counterintelligence Work

AU0203174595 Budapest MAGYAR HIRLAP in Hungarian 2 Mar 95 p 4

[Article by "L.K." on interview with Tibor Vidus, chairman of the Hungarian National Security Office; place and date not given: "No Extremism Is Endangering the Constitutional Order"]

[FBIS Translated Text] The National Security Office was created in February 1990 and assigned to protect the sovereignty and constitutional order of the Republic of Hungary. Tibor Vidus, the recently appointed head of the National Security Office, gave us an interview.

The civilian secret service is focusing on prevention in all areas, and this is particularly true of counterintelligence. Offices, institutions, organizations, and individuals particularly important from a national security point of view are under constant surveillance, and the secret service is also trying to discover possible "penetration channels." Economic security activity is a special area of counterintelligence. The National Security Office is paying attention to illegal trade in arms and other strategic materials, as well as trade in internationally controlled products and technologies. Occasionally, firms engaged in illegal arms trading operate with a proven secret service background.

The banking sector is one of the major decisionmaking centers of the economy, and according to secret service data, suspicious financial transactions have increased in number lately. In some cases, it seems certain that we are talking, here, about the laundering of funds derived from organized crime. According to Vidus, it is also possible that there are occasionally foreign intelligence agencies behind privatization transactions that seriously violate national interests.

In setting up the antiterrorism service, the secret service started from the premise that Hungary's relations with internationally known terrorist organizations had fundamentally changed after the change in regime. Threats against us have increased and threats of terrorist acts—such as to bomb public institutions—have increased substantially. Fortunately, however, no bombs have been found in the several hundred such cases. It is the right and duty of the state to take action against efforts that threaten the constitutional order, Vidus pointed out. He added that in the wake of the democratic changes, one could expect the possibility of hidden emotions' breaking to the surface and of certain political groups that deny the constitutional principles' coming forward. This is why a constitutional defense apparatus was set up within the National Security Office in 1990, but this is not a "thought police" because it may not commit itself to any ideology.

There is no extremist movement or organization in Hungary that could really threaten our constitutional order, Vidus declared. However, there are groups attempting to broaden their support and their long-term goal is to change the current political regime through legal means. Among the right wing extremist groups, the Hungarian National Front and the World National Popular Rule Party can be regarded as the best organized. The office, however, is not aware of any organized cooperation among skinheads.

Oleksy Set To Announce Composition of Government

LD0203161895 Warsaw PAP in Polish 1558 GMT 2 Mar 95

[FBIS Translated Text] Warsaw, 2 Mar—Sejm Speaker Oleksy, who held talks with President Lech Walesa this afternoon, told journalists after his return to the Sejm building in Wiejska Street that he assumes he will present his expose and the composition of the government on 3 March.

When asked if the president had positively assessed candidates for ministers of national defense and foreign affairs, Oleksy said, "Everything is in progress."

Affirmation From SLD Head

LD0303084795 Warsaw Radio Warszawa Network in Polish 0800 GMT 3 Mar 95

[FBIS Translated Text] This government has a chance to be formed today because only a candidate for the post of minister of national defense has to be agreed upon. Aleksander Kwasniewski, leader of the Democratic Left Alliance [SLD], expressed this opinion this morning on Polish radio. Kwasniewski said that Jozef Oleksy may present his government's program before noon today, but times may change.

[Begin Kwasniewski recording] When everything goes well, so that necessary decisions are made by 0900, then, I think, at about 1000 or 1100, Prime Minister Oleksy may present the government's program. If this is delayed, everything will have to be postponed.

We also have to remember that questioning of the candidates for ministers by the Sejm commissions will take several long hours. I think the debate on the program will start not earlier than 1800 or 1900, maybe 2000. So it means that the vote can still be taken and the decision made before midnight. But this plan may easily be delayed if there is no agreement on this last issue of the Ministry of National Defense. [end recording]

Walesa, Oleksy Agree on Two Ministers

LD0203192895 Warsaw Radio Warszawa Network in Polish 1900 GMT 2 Mar 95

[FBIS Translated Text] The president's spokesman, Leszek Spalinski, has confirmed that, during today's talks, President Lech Walesa and Jozef Oleksy, the prime minister elected by the Sejm, agreed on candidates for the ministries of internal and foreign affairs.

According to unofficial information, the president suggested Henryk Goryszewski [head of the National Security Bureau] for the post of minister of internal affairs and Wladyslaw Bartoszewski [ambassador to Austria] for the post of minister of foreign affairs.

Aleksandra Jakubowska, Jozef Oleksy's press adviser, said that the purpose of today's talks between the president and the prime minister-elect was to enable the prime minister to present his government's program and composition tomorrow. She confirmed that the appointment of two ministers—internal and foreign affairs—was jointly agreed upon.

Okonski Candidacy for Defense Accepted by Oleksy

LD0303120095 Warsaw PAP in Polish 1141 GMT 3 Mar 95

[FBIS Translated Text] Warsaw, 3 Mar—After his return from the Presidential Palace, Prime Minister-elect Jozef Oleksy told journalists that he accepted the candidacy of Zbigniew Wojciech Okonski for minister of national defense. He added that the coalition had no objections to the candidate, but it did object to the way he was put forward by the president.

Oleksy said that he is ready to deliver his expose this afternoon and to begin the procedure of hearing the candidates for ministers.

Asked whether the president had promised that the government would be sworn in in the composition presented to him, Oleksy replied: "The matter of swearing in the government is not a question of promise but of constitutional obligation." Oleksy also said that the president was consulted by him on the three candidates and an agreement had been reached.

Oleksy-Walesa Meeting Inconclusive

LD0203131095 Warsaw PAP in Polish 1227 GMT 2 Mar 95

[FBIS Translated Text] Warsaw, 2 Mar—Presidential spokesman Leszek Spalinski told journalists after a meeting between Lech Walesa and Prime Minister-elect Jozef Oleksy on Thursday that 90 percent of the 30-minute conversation was held in private.

A statement issued after the meeting, which was agreed upon by both men, contains a sentence that the subject of the meeting was the interpretation of Article 32 of the small constitution. The article concerns the president's leadership role in the area of foreign relations.

The spokesman added that talks would continue and that the president had suggested the next meeting be held on 6 March.

Struzik, Slovenia's Kucan Discuss Krajina Mission

LD0203154295 Warsaw PAP in Polish 1333 GMT 2 Mar 95

[FBIS Translated Text] Warsaw, 2 Mar—One of the main issues discussed on Thursday at a meeting between Senate Speaker Adam Struzik and Slovenian President Milan Kucan, who is on an official visit to Poland, were the conditions of stay of Polish troops operating within the UN mandate in Serb Krajina.

The speaker said that about 1,000 Polish soldiers are taking part in the UN mission. The mandate expires on 31 March of this year. "We have to know what awaits our soldiers; they cannot be left without Polish authorities showing any interest," Struzik told a PAP journalist.

The speaker added that he also talked to Kucan about the Polish-Slovenian agreement on a free-trade zone, which is currently being negotiated. After the agreement is signed, Poland will support Slovenia's attempts to join CEFTA [Central European Free Trade Association].

Arms Export Talks With Russia Come to Deadlock

WS0303123995 Warsaw ZYCIE WARSZAWY in Polish 2 Mar 95 p 4

[Article by Cezary Gmyz and Luiza Kowalska: "The Russians Want To Control Our Exports: Where Will the Arms Go"]

[FBIS Translated Text] Negotiations on the issue of the Polish-Russian agreement on so-called special turnover [obrot specjalny], a term used in reference to the trade and production of arms, have come to a deadlock. The reason for suspending talks is the change of government in Poland, which makes it impossible to carry out interministerial consultations on suggestions made during the Russian prime minister's recent visit to Poland. Initially, the document was to be signed during Viktor Chernomyrdin's visit. The two parties, however, failed to reach an agreement on Polish reexports of arms imported from Russia and weaponry produced domestically with Russian parts or with Russian licenses.

As we have learned from Jan Strauss of the Ministry of Foreign Economic Cooperation, who took part in the talks, the Russians would like to detail the principles of those exports. Poland, on the other hand, wants the agreement to be very general in nature. Any details on, for instance, reexport restrictions should ideally be defined each time a contract is signed.

The Russians not only fear Polish competition but also want to prevent a situation in which their own weaponry could reach recipients who would use it against them.

"To our belief, it does not make sense to specify the minute details of the entire special turnover," says Director Jan Strauss. "Of course, the Russian party has a right to restrict the sales of arms to certain parties, but this should be explicit in the particular contracts. If we were to apply to the Russians for a permit each time we wanted to reexport weaponry with Russian-made elements, our trade would be paralyzed."

As we learned, however, the Polish side is considering the possibility of including a clause on reexport restrictions on specific modern technologies in the agreement. Another obstacle, albeit of lesser importance, is the fact that the Russians want to impose duty on arms trade. Poles opt for duty-free exchange. "We want to avoid extra costs. It might so happen that we will be forced to purchase some type of arms or a component in Russia, in which case we might have to make additional payments as dictated by the Russians," says Strauss.

The special turnover agreement was to be signed for a duration of five years, but, at the last round of negotiations, it was decided it should be effective for an indefinite period. It will, however, provide that either of the two parties may terminate the agreement.

The Polish side wants the agreement to provide for our Army to receive spare parts for equipment produced in Russia—approximately 90 percent of weaponry in the Polish Army is of Soviet manufacture. We would also like the Russians to carry out overhauls of plane engines we purchased from them. Poland would pay in either cash or in kind with, for instance, spare parts for Polish-made helicopters used by the Russian Army.

Regardless of the agreement on special turnover, the Polish Ministry of National Defense [MON] would like to sign an agreement on the exchange of officers at military academies with its Russian counterpart. "We would like to sign a general, long-term agreement on the exchange of officers just as we have with other states," Colonel Tadeusz Balachowicz, head of human resources at MON, told us. "We presented a draft agreement to Russia last year, and we have still not received a reply."

Walesa Remarks on Presidential Race Reported

LD0303110595 Warsaw PAP in Polish 1041 GMT 3 Mar 95

[FBIS Translated Text] Warsaw, 3 Mar—On Friday, during an interview for the U.S. television network CNN, President Lech Walesa is supposed to have said, among other things, that if parliamentary elections take place before the presidential elections planned for the fall, he will not run for the office of head of state.

PSL Accused of Favoritism Toward East

95EP0053A Poznan WPROST in Polish No 6, 5 Feb 95 pp 17-19

[Article by Jerzy Slawomir Mac, Andrzej Zybala, and Roman Strzemiecki: "The Friendship Train; Why Is the PSL Pulling Poland Toward the East?"]

[FBIS Translated Text] "Which is more important? Speedy membership in NATO or the benefits from Russia's eventual economic concessions?" asked Andrzej Olechowski when submitting his resignation from the post of minister for foreign affairs. He was answered by Roman Jagielinski of the PSL [Polish Peasant Party], the chairman of the Sejm Agriculture Committee, "We can export to the West, but unless we export to the East our agriculture is stalled.... We could barter our vegetables and fruits for [CIS] gas and crude petroleum."

The companies owned or managed by PSL deputies and politicians have been for years profiting or trying to profit from such deals. The new accents in foreign policy and principally in economic diplomacy are very much to their taste.

In April 1994 the "Poland in the 21st Century" Predictions Committee under the Presidum of the Polish Academy of Sciences published a series of expertises under the overall title, "The Role of State Politics in the Processes of Adjustment to the European Community." This included a study by Professor Jozef Zegar, a PSL deputy and that party's leading economist who on its behalf is holding the post of deputy chairman of the Central Planning Office. "There is no doubt whatsoever," its author deplores, "that currently the role of farming in foreign trade is smaller than it used to be under the Second Polish Republic, let alone in the era of the Polish-Lithuanian Commonwealth when exports of farm and forest products were of huge importance." Further, the professor claims, "Poland is meeting growing difficulties in exporting farm products to the market of the European Community," thus arguing that this is not a good direction of exports. "Therefore, can the model of West European farming be emulated?" he asks, and immediately answers, "No, that would not be expedient."

That whole expertise draws the astounding conclusion that for a Poland associated with the European Union it will be advantageous to preserve its current agrarian structure, with a farm population of 38 percent, whereas only six out of the 24 OECD countries have a farm employment exceeding 10 percent.

According to the professor, we are closer to the employment structure of the former USSR, with its farm population of 34 percent. And that is how we should remain in the 21st century.

Similar arguments are presented in the article by [Prime Minister, PSL member] Waldemar Pawlak in the Government Column of RZECZPOSPOLITA of December 1994. "There does not exist any sole right model, e.g., only large farms," the prime minister comments. An element of the PSL's strategy, intended to preserve the support of its large rural electorate, has been to reorient the Polish foreign policy of the Pawlak government behind the back of the foreign minister [Olechowski].

Deputy Jagielinski disclosed that during his last year's visit to Moscow together with Prime Minister Pawlak, they had proposed a $250 billion [as published] contract. Officially nobody knows anything about that proposal, but unofficially it is known that this concerned bartering Polish food surpluses for, chiefly, gas and crude petroleum. At the time they received no answer. Such a huge contract is, speaking rationally, unlikely (Russia's annual imports are said to total $30 billion), and it could not remain without political concessions. According to our information, the proposal of the PSL politicians also included the establishment of a new bank for clearing the barter settlements, with the proviso that the barter deals would be handled by companies which they would select.

Among the peasant-party businessmen engaging in foreign trade there still persists the hope, for the moment rejected by the Russians, that in return for our food the selected companies would receive gas and crude petroleum. Then food exports would amount to not $308 million as in 1993 but nearly a billion dollars, that being the amount we are paying for imports of energy sources. The Pawlak and Podkanski [Leslaw Podkanski, minister for foreign economic relations] team wants to feather its nest by making the Russians an offer that, in their opinion, the latter cannot refuse. The Russian government and Yeltsin have at present a great need for scoring some success, if only in foreign policy, and such a success would certainly mean boasting to the pauperized Russian public that "Russophobic" Poland does, after all, acknowledge Moscow's might and is turning its back on the West.

In Jagielinski's opinion Russia is the only major market for Polish food surpluses, which are of too poor a quality to compete with Western farm products. Jagielinski himself has been already since 1968 one of Poland's major apple exporters.

There exists a spiderweb of companies associated with the peasant party whose interests are linked to the eastern markets, and the chairman of the Polish-Belarusian Chamber of Industry and Commerce, which controls a significant amount of business with that country, is a PSL deputy, Jozef Lochowski. By exploiting his powers, one of which is the right to distribute fuel licenses, Minister Podkanski is gaining for himself influence on the companies, including privatized companies listed on the stock exchange, which engage in trade with Russia. This may account for his inviting the chairmen of Elektrim and Budimex to become members of the council of the Agency for Economic Growth. Moreover, the fact that another member of that council is the Chairman of Invest Holding Piotr Bykowski, Podkanski's former employer, may suggest that he perceives trade with the East as a way of expanding his financial operations.

Not unrelated to these intentions also is the "coup" against the Ciech Company and the appointment of Zdzislaw Matkiewicz, who is linked to Podkanski, as its CEO. That company is doing huge business in the East and maintains a network of representative offices in Moscow, Petersburg, Kiev, and even Tyumen. Ciech has long since been attempting to barter Russian oil for food. Leslaw Podkanski in addition, in his capacity as minister of foreign economic relations, controls several large agencies trading in root crops. One member of the supervising council of the largest of these agencies, Rolimpex, is Kazimierz Olesiak, the former deputy prime minister (ZSL [United Peasant Party]) who nowadays is chairman of the Food Industry Bank.

Links with the PSL also exist at many private companies trading with the East. The closest such links exist at Galtex which earned 870 billion zlotys (80 percent of its sales volume) from such trade. In addition, it owns shares in five large Polish-Russian ventures. Four founders of the company are PSL members (Marian Bledniak, Kazimierz Perek, Henryk Chodasiewicz, and Wieslaw Stasiak-ZSL chairman in Lodz and Sejm deputy). Later, Kazimierz Fortuna, longtime ZSL activist and functionary, joined the company. When a deputy prime minister of Uzbekistan visited Poland last January with the object of preparing a visit by the head of state of that country, Leslaw Podkanski received him in the company of Marian Bledniak. According to our information, at that meeting it was agreed that the Lodz company [Galtex] would receive the sole license to import cotton on preferential principles to Poland. Originally Minister Podkanski was to be accompanied at that meeting by a high official familiar with the economic problems of countries in that part of the world. The official was not notified that he would be replaced.

One politician stated that during his official trips and meetings Podkanski always recommends some company close to him.

Galtex has more than once benefited from political support. That company recently obtained a loan of 300 billion old zlotys from the PKO BP Bank as well as a license for manufacturing vodka from Minister of Agriculture Andrzej Smietanka (PSL), even though it is under investigation for defaulting on at least 200 billion old zlotys in taxes. In return, Galtex has been sponsoring PSL initiatives. It bought 60 percent of shares in the company publishing GLOS PORANNY, in which the remaining 40 percent was owned by local branches of the PSL and SLD [Democratic Left Alliance]. Last year that until-recently biggest regional newspaper folded, with unpaid bills outstanding. Galtex is among the companies which presented a confidential letter concerning the renegotiation of the Polish-Russian agreement on building a gas pipeline spur linking the gas deposits in the Yamal with West Europe. That agreement, signed while Suchocka was still prime minister, provided for establishing a company (Europol Gaz) which would attend to building the pipeline.

The companies linked to the PSL are demanding shares in Europol-Gaz, reckoning that thereby they would find it easier to obtain contracts for bartering food for Russian gas. Once the new spur is put into operation, Poland will have the right to purchase 14 billion cubic meters of gas worth several billion dollars. The abovementioned companies expect to be the middlemen in that purchase. Likewise Rolmex, which is the principal shareholder in Indykpol, a company quoted on the stock exchange, has ties to the PSL. Interkotlin, a company which exports food to the East, is managed by Tadeusz Sytek, a PSL deputy. His fellow deputy Andrzej Malinowski controls Eurokommerz and Eurokonsorcjum, which trade in food surpluses. Extensive business deals, also with the East, are likewise conducted by the influential Senator Zbigniew Komorowski, while Deputy Tadeusz Samborski, when answering a questionnaire, wrote under "Profession," without beating about the bush, "Establishment of foreign trade and economic contacts, with special consideration of CIS countries."

On resigning from the post of foreign minister, Andrzej Olechowski declared that Russia's economic concessions in return for a political reorientation of Poland are anyway hardly realistic. To be sure, the Russian market is huge, but it is rather futile to hope that Polish farm products would beat the Western competition on that market. In Russia about 40 percent of food products consumed derives from imports (and in Moscow even 70 percent). In 1994 Russia bought abroad 1.8 million metric tons of sugar, or 30 percent of market supply, but the introduction of a monopoly on Polish sugar industry forced Polish companies with contracts for delivery of sugar to Russia to buy sugar on world commodity exchanges, because it is cheaper there than at our sugar plants.

During the first 10 months of 1994 Poland recorded a substantial deficit in trade with Russia, Belarus, Kazakhstan, Uzbekistan, and even Tajikistan and Turkmenistan. To be sure, Russia was the third biggest recipient of our goods, but it bought only 5.6 percent of Polish exports. Ukraine (1.6 percent of Polish exports) imports from Poland only half as many products as does Denmark, and we are selling more to Cyprus than to Belarus. In our exports to Russia food products are a minor item.. For the pharmaceuticals sold in the East we were paid three times as much as for the vegetables and fruits exported there. Among food products exported to Russia the principal item is mineral waters and beverages (nearly 2 trillion old zlotys), whereas we sold only Z83 billions' worth of potatoes, which proves that Russians are more interested in purchasing processed goods than farm produce.

CENTRAL EUROPEAN ECONOMIC REVIEW confirms that the hopes that Polish business, capital, and goods would gain mastery over the markets of the European countries of the former USSR are a pipe dream. Only in Belarus, the least developed of these countries, Poland is the second biggest (after the United States) investor—459 joint ventures with Polish capital operate there, whereas in Lithuania it is the fifth biggest and in Ukraine the ninth biggest (with even Cyprus a bigger investor).

In sending potatoes and apples to the East the Pawlak government is pushing Poland into the embraces of a bear which may eat and drink but whose ability to pay is dubious.

The problems experienced by Budimex in being paid the $14 million owed to it are experienced by other companies as well.

Marek Borowski of the SLD claims that the growth of farm output in Russia is merely a question of time. Russians will encounter the same problems as we do at present, and Russian farm producers will demand tightening controls on the importation of foreign food. Thus any benefits from such particularist opening to the East will be short-lasting while at the same time moving us for a long time away from the civilized world.

[Box, p 17]

Joint Ventures: PSL Politicians Doing Business with CIS Countries

Janusz Dobrosz—spokesman for the Caucus of PSL Deputies; director for promotion at Stefpol, an enterprise; previously director of Agrotechnika and chairman of the supervising council of PHP Delmex, engaging in large-scale trade with the East.

Waldemar Dobrowolski—PSL deputy; Sejm secretary; vice chairman of the board of Aronia, S.A., a company engaging in, among other things, the production and exports of fruit juices, a major commodity in Polish trade with Russia.

Kazimierz Fortuna—longtime ZMW [Rural Youth Union] and ZSL activist; director of the Warsaw office of the Galtex company.

Roman Jagielinski—PSL deputy, chairman of the Sejm Agriculture Committee; owner of a large farm and orchard; chairman of the Union of Polish Fruit Growers.

Zbigniew Komorowski—PSL senator; principal shareholder and chairman of Bakoma, a company known for, among other things, its production of yogurts (about 50 percent of the firm's income derives from exports) and owning shares in three other (trading, forwarding, transportation) companies. In 1994 Bakoma was granted by Minister Leslaw Podkanski a license for importing liquid fuels.

Bogdan Krolewski—former ZSL activist (secretary of that party's supreme executive committee), now a PSL member; vice chairman of Rolmex company.

Jozef Lochowski—PSL deputy, member of the PSL's top leadership; former vice chairman of the Polish Chamber of Foreign Trade; currently chairman of the Polish-Belarusian Chamber of Industry and Commerce.

Andrzej Malinowski—PSL deputy, vice chairman of the Sejm Committee for Foreign Economic Relations; chairman of the board of Eurokommerz, Inc.; member of the supervising council of Eurokonsorcjum, a consortium of companies trading with the East.

Kazimierz Olesiak—longtime ZSL and PSL activist; former deputy prime minister; chairman of the Food Industry Bank and member of the supervising council of Rolimpex, the country's largest agency for foreign trade in agricultural and food products. Rolimpex engages in large-scale trade with CIS countries.

Leslaw Podkanski—PSL deputy and member of the PSL's top leadership; minister for foreign economic relations. Graduate of the Moscow Institute of Oil and Gas Industry. Held executive posts in the Unital and Lea trading companies. Linked—through the Agency for Farm Development—to the biggest companies operating on the eastern markets (Elektrim, Budimex) and to Invest Holding, a company controlled by Piotr Bykowski.

Tadeusz Samborski—PSL deputy, holder of a Ph.D. degree from the Lomonosov University in Moscow; longtime Moscow correspondent for the Polish peasant press; trading expert for the Peasant Business Society, which operates on behalf of the PSL.

Wieslaw Stasiak—PSL deputy, chairman of the Lodz PSL, cofounder of Galtex (80 percent of whose trade is with the West).

Tadeusz Sytek—PSL deputy, member of the party's top leadership, chairman of Interkotlin, a company trading with the CIS.

Jan Swirepo—PSL deputy, member of the Sejm Committee for Foreign Economic Relations, chairman of POM, Inc., a manufacturing, service, and trading enterprise trading with the East.

Political Situation: Coalition Wrong, Walesa Right

95EP0058A Krakow TYGODNIK POWSZECHNY in Polish No 8, 19 Feb 95 pp 1, 4

[Article by Adam Szostkiewicz: "A Brief Text About a Stick Inside an Anthill"]

[FBIS Translated Text] "A stick was inserted in an anthill, causing great imbroglio, but we have yet to see what will come of it," was the comment on the news about the speedy end of Prime Minister Pawlak, made by his close associate Michal Strak, who added, "It used to be Minister Strak, and now it is Deputy Strak. What is so dramatic about it?" Inspired by peasant-party Strak's picturesque language [Strak is a member of the PSL, the Polish Peasant Party], I shall try to cogitate on the stick, the anthill, and the drama of Polish politics in the year of presidential elections.

The "Stick," Meaning the President

It was the president who had engineered the downfall of Prime Minister Pawlak, as admitted by practically all the participants in and observers of political maneuvers within the ruling elite. Sure, he had resorted to blackmail, threatening that he would dissolve the parliament, but he achieved his goal and, for the time being, has not defenestrated the parliament. The president's political enemies clamored that, since Prime Minister Pawlak was to be replaced by Prime Minister Oleksy, a former PZPR [Polish United Workers Party, the former Polish Communist party] aparatchik, nothing has changed. Not true. A lot has changed. Lech Walesa lit a fuse which may blow up the governing coalition. The president shifted the burden of conflict to within the alliance between the post-PRL peasants [the PSL, Polish Peasant Party] and the postcommunist social democrats [the PSL (Polish Peasant Party) and the SLD (Democratic Left Alliance) respectively, the two parties in the governing coalition] .

True, the price paid by Walesa for this ploy is becoming involved in a dangerous game. Lech Walesa, who feels best when playing the role of a stick in the anthill, was bound thereby to incur accusations that he is a troublemaker. But was not he prompted to do so by the logic of the situation in which the state was mired down owing to the "antipolitics" of the Pawlak government? The presidential "antipolitics" of the stick and the carrot—the threat that, unless Pawlak is dismissed, Walesa would dissolve the parliament, and the promise that if somebody sensible is appointed the new prime minister then Walesa may withdraw his budget veto and remain a player—is understandable, and may even be considered sound statesmanship: For the good of the ongoing reconstruction of the state, the Pawlak administration has to be ousted. But good statesmanship should also bear in mind the thousands of reverberations in this country and in the world which the moves of the Namiestnikowski Palace [current residence of the President] are triggering.

In this respect the balance sheet of the new "war at the top" displays a stronger minus side. Few among the domestic and foreign opinionmaking and political constituencies can be convinced and won over to the president's "tomahawk antipolitics," for it can be chiefly viewed as causing shocks to the democratic system and being pursued in the personal interests of Walesa himself as a candidate for reelection, as well as in the interest of his political cabal. The president has not succeeded in obliterating this impression, so fatal to Poland's image. On the other hand, the determination he showed was certainly to the liking of many citizens to whom the prime minister's ostentatious toleration of corruption and private-dealing among public officials has by now become intolerable.

Time will show what was the greater motive for the president's assault on the current political alignment: A sincere will to break the impasse in state politics or an egotistic fear of being dealt out of the power game. It seems to me that the former predominated. Lech Walesa is still irreplaceable in his role as a "brakeman": What the parliamentary and nonparliamentary opposition failed to accomplish, he succeeded in doing within some two weeks. But the moment of his success at the same time laid bare the political solitude of the president and his men.

The Anthill, Meaning the Governing Coalition

When the president's "stick" stirred the "anthill," it turned out that the governing coalition is breaking apart. It also turned out that the most important principle followed by the Center-Left is to cling to power at any price. Pawlak was thrown to the lions in order to gain time. The castling of Pawlak with [Jozef] Oleksy, and of Oleksy with Zych [Jozef Zych, leader of the PSL Deputies Club, nominated Speaker of the Sejm in lieu of Oleksy] on the political chessboard, meant a regrouping of forces before the next battle with the president. In the beginning it all proceeded smoothly. But soon the big, and already open, secret was out: The marriage of the peasant party with the social democrats was a gunshot marriage, rotted from within by internal contradictions among partisan interest and influence groups.

The SLD leaders despise the peasant leaders, just as the PZPR used to despise the ZSL [former United Peasant Party, predecessor of the present PSL], and vie with each other in pursuit of personal ambitions. Kwasniewski, Kolodko, Borowski, Miller, Cimoszewicz, Szmajdzinski, Siemiatkowski [all SLD]... are so many pretenders for the nimbus of defenders of democracy and free market against the peasant-clerical "obscurantism." Zych, Pawlak, Struzik, Piechocinski, Pek [all PSL]... how many complexes and accounts to settle with the "enlightened reformers" they have!

The PSL politicians may be looking for revenge for the humiliation inflicted on them, as they see it, by the SLD's treachery with regard to Pawlak. If not now, in the near future. This will weaken the standing of Oleksy, the eventual new prime minister, who must reckon with a war on two fronts, one against the internal opposition within the coalition and the other against the president, who shall certainly not strew roses on his path. Thus, the crisis of the governing alignment has not been resolved but has merely entered upon a new stage.

That is why, Oleksy, an adroit politician, has already began to secure his rear, making his consent to the nomination contingent on the signing of the budget law by the president. I would not be surprised if Oleksy's mission were to end in a fiasco and in the present Sejm and with the present president, no new cabinet would be successfully formed. The situation is becoming ripe for early parliamentary elections.

Any government dominated by the SLD cannot assure a lasting emergence from the present crisis. That is because the SLD is, even more than the PSL, a hostage of its own "grassroots" and electorate, who largely feel nostalgia for the PRL and animosity against anything deriving from the Solidarity movement and against the Roman Catholic Church. In view of this, how can ideas of bridging the "historical" divisions between the SLD and the current parliamentary opposition headed by Freedom Union [UW] be considered seriously? Only a few Freedom Union politicians and some SLD leaders are willing to dance this tango. That is not enough to work out an effective formula for political cooperation.

And what about the drama? What is so dramatic is that the Strak-like party politicians do not perceive anything dramatic happening.

Scientists Say Coalition Lacks Energy Policy

95EP0059A Krakow TYGODNIK POWSZECHNY in Polish No 8, 19 Feb 95 p 3

[Article by Andrzej Hrynkiewicz, Zygmunt Kolenda, and Jakub Siemek (see end of article for biographic information on authors): "The Energy Weapon: National Security and the Energy Industry"]

[FBIS Translated Text] National security is usually identified with having a strong military capable of repelling armed aggression. But a country can be subjugated without resorting to military force by making its economy dependent on an outside supply of energy resources. Nowadays the term energy security is widely used; it is closely linked to a broader concept of national security.

When asked early in January in the Sejm about the Russian threat, Prime Minister Pawlak stated that the Committee for Defense Affairs under the Council of Ministers has already considered alternatives for supplying this country with crude petroleum and natural gas. But the problem is too serious to accept that generalization in good faith. It is disturbing that none of the energy experts known to us nor any of the specialized science committees of the Polish academy of Sciences has been able to obtain information on the government's intentions as to assuring the country's energy security. Decisions whose consequences are so far-reaching cannot be left to politicians who are here today and gone tomorrow.

It might be concluded from the above answer of the prime minister that solutions have already been adopted and it is now merely a question of applying them. But while other possibilities for supplying this country with crude petroleum do exist, there are simply none so far as natural gas is concerned, because, given the present state of the gas distribution system in Poland, there cannot be any; we are speaking of the worldwide supply of the gas and not of the emergency programs prepared by the National Gas Supply Administration.

Government representatives appear surprised that Russia could [want to] construct a gas pipeline from the Yamal Peninsula to Europe so as to bypass Poland. At least, this ensues from the interview in GAZETA WYBORCZA (18 January 1995) with Kazimierz Adamczyk, the chairman of Europol Gaz, a Polish-Russian company. That company, in which Russian capital owns a significant share, is to handle the design and construction of a transit segment of a gas pipeline to run across Poland. Why has not it been able for more than a year and half to get a contract with Russia signed? Numerous press reports (e.g., in WPROST of 12 February 1995) may indicate that the delay is not the fault of the Russians but is owing to the wish to include Ciech, a company under PSL control, as a shareholder. Are we being threatened by yet another economic and political scandal? To be sure, Minister [of Industry] Marek Pol has denied the rumors about changing the route of the gas pipeline, but his explanation can be hardly considered sufficient.

Before we discuss the perils ensuing from the absence of an energy policy on the part of the PSL-SLD governing coalition—and the previous governments, too, are not guiltless!—let us consider Poland's fuel and energy situation.

Polish Reality

Primal energy is construed, to oversimplify somewhat, as the energy contained in unprocessed raw materials such as black and brown coal, crude petroleum, natural gas, and uranium ore. The structure of energy consumption in Poland in 1994 was as follows, in breakdown by percentages:

—Black coal, 64.8.

—Crude petroleum and hydrocarbon fuels, 15.0.

—Brown coal, 11.0.

—Natural gas, 8.2.

—Miscellaneous (including water power), 1.0.

Seventy-five percent of the demand for energy in this country is met with solid fuels (that is, coal), whereas the analogous worldwide indicator usually is not more than 30 percent. According to forecasts prepared chiefly by committees of the Polish Academy of Sciences, by the year 2010 the share of coal in our energy consumption is to drop to about 57 percent an the share of liquid fuels and gas is to increase to 18.6 and 17.2 percent, respectively. Nuclear energy also is to appear, but its share will not exceed 5.6 percent (if that happens at all, considering the irrational—in our opinion—resistance of the decisionmaking bodies and the public).

The trend toward a decrease in the consumption of solid fuels to the benefit of hydrocarbon fuels is due not so much to the wish to adjust our energy structure to world standards as to the imperative influence of economic factors and barriers to the development of coal mining (the increase in mine depths and the attendant increase in mining temperatures, ecological considerations, etc.). Increasingly often the economic unprofitability of brown coal mining is being mentioned.

Whether we want it or not, the supply of solid fuels will diminish. Thus other energy carriers will have to be considered; these can only be liquid fuels, natural gas, and nuclear fuels.

The domestic extraction of crude petroleum at present does not exceed 0.2 million metric tons annually, and its imports, mainly from Russia, amount to about 13 million metric tons. Geological prospecting has not so far provided reliable information on the existence of any large oil deposits in Poland. Planned oil imports are to rise to 22 million metric tons in the year 2000 and 28.7 million in 2010. That would require expanding the productive capacities of refineries by at least 5 million metric tons annually in the year 2000.

The domestic gas distribution system consists of:

—A high-methane natural gas subsystem distributing about 8.1 billion cu m of gas annually.

—A nitrogen-containing natural gas subsystem (2.9 billion cu m annually).

—A coke-oven gas subsystem located in the areas of Lower and Upper Silesia (0.6 billion cu m annually); by the year 2000 coke-oven gas is to be replaced with natural gas.

In 1993 Polish users were provided with 9.7 billion cu m of gas in terms of high-methane natural gas. Fifty-seven percent was consumed by the municipal utilities and 43 percent by industry. Gas consumption is expected to rise to 14.7 billion cu m in the year 2000, and to 27 billion cu m (or, according to some forecasts, even 35 billion) in the year 2010. Domestic sources supplied in 1993 3.9 billion cu m; imports from Russia amounted to 5.5 billion. The forecasts point to the need to augment imports to 9.3 billion cu m in 2000 and 22.1 billion cu m in 2010.

The worldwide rise in gas consumption is due to several factors: The increase in proven gas reserves and their greater accessibility; the low toxicity of the combustion products of gas (chiefly carbon dioxide); and lastly, the broad application of gas in heating, power generation, and advanced industrial technologies.

The main exporter of natural gas to Europe is Russia, which accounts for more than 38 percent of the world reserves. The pipeline from the Yamal Peninsula is to provide about 67 billion cu m of gas annually. Poland, as a country of transit for that gas, would be enabled to purchase an additional 14 billion cu m compared with the amount now imported. The Russian side estimates the overall cost of that project at about $100 billion (according to the figures of GAZETA WYBORCZA). Polish participation would be about $3 billion. However, official Russian sources provide different figures: $52 billion, of which $12 billion to be spent on developing the deposits. Such a substantial discrepancy is disturbing and has to be cleared up.

The planned pipeline would be a major link between the Polish gas distribution system and the integrated West European system. That would be a major asset in favor of our earlier admission to the European Union. Another international project, which has, however, made little progress so far, provides for the transmission of gas from the British and Norwegian offshore zones in the North Sea. That pipeline would be about 1,100 km long and capable of transmitting 10 billion cu m of gas annually to Poland. The implementation of this project will depend, however, on the financial possibilities of Poland as well as of those of Slovakia, the Czech Republic, and Germany.

It is estimated that domestic extraction of natural gas will not exceed 5.4 billion cu m in the year 2000, and that only if extraction from current deposits is increased and new deposits are rapidly developed. Imports will still be needed. The production of substitute gas from black coal, advocated by the mining lobby, is no solution; the insufficient quantity of the coal needed for this kind of technology and the attendant immense peril to the natural environment of Silesia present obstacles that are difficult if not impossible to surmount. The production of coke-oven gas in quantities equivalent in terms of energy to 1 billion cu m of natural gas would require the chemical processing of about 7 million metric tons of coal. The technologically not too certain extraction of methane from coal seams, even if it reaches 5 billion cu m annually, would improve Silesia's ecological situation but it would not resolve this country's energy problems. The claim that Poland may become self-sufficient in that domain is an irresponsible pipe dream.

A decision to develop nuclear energy, which would a priori need social acceptance and a solution of the problem of storing spent fuel, would be advantageous to national security, because nuclear fuel can derive from various sources and is moreover cheap and consumed in small quantities. The cost of uranium concentrate is not more than 4 percent of the overall cost of generating electrical energy at nuclear power plants, and hence even increases in the price of uranium by a factor of several times would not significantly affect energy prices. The principal deposits of crude petroleum and natural gas are concentrated in just a few regions of the world which are moreover politically more or less unstable; this does not apply to coal and uranium, and hence the estimates of prices of these fuels in the future entail a much smaller error of prediction.

A Catastrophe?

Fossil fuel resources are a major political weapon. This is an evident statement. Imagine that one day Russia will completely discontinue its shipments of crude petroleum and natural gas to Poland. The situation that would then be arise could only be compared to a natural disaster, with the major difference that its consequences would be much more severe and lasting.

A cutoff of shipments of Russian crude would mean rationing, and hence also, a dearth, of liquid fuels. The domestic sources of natural gas would barely suffice to meet the most urgent social needs, with forced interruptions in supply. Storing small quantities of gas will not help, and neither will the two pipeline-network connections with Germany. That is because some 2,800 localities, including more than 500 cities and towns and 2,300 industrial plants, are being supplied from the existing gas distribution network. A further consequence would be overloads of the power grid and blackouts. Coal prices would be certain to soar, and coal supplies to break down. Chemical industry would be paralyzed, especially its production of artificial fertilizers, as would be the machine-building, construction, and metallurgical industries.

Thus the specter of a national tragedy is arising. In the light of the current political mood in Russia, this danger seems real. Consider the ruthlessness with which the intervention in Chechnya is being pursued and Moscow's warning about our intention to join NATO. The threat of disconnecting the crude and gas supply systems may become an effective blackmail.

Now imagine a more gentle but still tragic alternative. Let us assume that Russia will decide to build a gas pipeline from the Yamal Peninsula to West Europe that would bypass Poland by, e.g., running across the Baltic, or that for political reasons Russia would abandon the idea of building that pipeline. Then we would be short of the 14 billion cu m of gas annually needed to balance our needs. The consequences would be similar, though on a somewhat smaller scale.

In this place the warnings against the acceptance of the project for building a gas pipeline running from Siberian deposits in the then USSR, addressed by the United States government to the West European countries, and principally to Germany, should be recalled. Europe did not listen to these warnings. It can be assumed that, should Germany withdraw from that project, the aforementioned offshore zones of the North Sea would be the principal source of gas for Europe. Other gas could also be supplied from the African and Mideast countries as well as from Europe's own deposits.

What is To Be Done?

Assuring Poland's energy security requires rapid and resolute government decisions, which are both lacking and not being discussed. It is thus difficult to view as exaggerated the accusation of irresponsibility made against the foreign policy of the Pawlak government. The intention to create a politically neutral zone from the Baltic to the Adriatic is a dangerous illusion. It endangers to our national independence; the same danger threatens us if an eastward-oriented policy should be pursued.

The behest of the moment is the rapidest possible inclusion of Poland in the NATO defense system and its admission as a fullfledged member to the European Union. That would then result in the rise of an integrated European power grid which would include Poland. We warn those politicians who are opposed to future close ties between Poland and the European Union that they might bring down on our country yet another peril. Strenuous diplomatic efforts should be made in the West European countries in order to obtain guarantees that the planned gas pipeline would run across Polish territory. In the event of political conflict with Russia, that very pipeline would make possible access to Western gas sources, thus eliminating the threat of political blackmail and thereby also enhancing our national sovereignty. It appears necessary to appoint a special subcommittee on Poland's energy security that would operate under the Committee for National Defense.

Shall these warnings be heeded, or shall be the witnesses of the next unfortunate decisions, similar to those taken in the recent past when the development of nuclear energy in Poland was abandoned? The fulfillment of the black vision of the future outlined here would provide bitter satisfaction to the undersigned.

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State Officials Involved in Conflict of Interest

95EP0051A Poznan WPROST in Polish No 7, 12 Feb 95 pp 20-22

[Article by Jerzy Slawomir Mac, Eryk Mistewicz, and Miroslaw Cielemecki: "Dangerous Liaisons: What Were the Circumstances Under Which the Main Customs Office Had Business Dealings With the Principal Suspect in the FOZZ (Foreign Debt-Servicing Fund) Affair? What Kind of Relationship Exists Between Ireneusz Sekula and Mariusz Switalski, the CEO of Elektromis?"]

[FBIS Translated Text] Private banks and holding companies protected by high government officials. Political manipulation of the flow of budget funds to private bank accounts. Public contracts concluded with evident loss to the State Treasury. WPROST has published information about such occurrences, and so have, among others, GAZETA WYBORCZA, POLITYKA, ZYCIE WARSZAWY, and EXPRESS WIECZORNY. We decided to combine common threads, known projects, and well-known companies. We present below a mesh of connections between the world of politics and the world of business.

* * *

"Can ordinary citizens be called upon to be law-abiding when high-ranking government officials lack the understanding of law principles?" asked Minister of Justice Wlodzimierz Cimoszewicz. His superior, Prime Minister Waldemar Pawlak, appointed a man on the "Wanted" list to the post of deputy minister of labor.

When on 12 September 1994, a business court decreed the bankruptcy of Polnippon, a company founded by Ireneusz Sekula, and the procurature issued an official news release about the investigation of the current chairman of the Main Customs Office, now coming to an end, there occurred an interesting verbal exchange between the leaders of the governing coalition. Prime Minister Pawlak (PSL, or Polish Peasant Party) declared that Sekula is an SLD [Democratic Left Alliance] deputy, that is, Kwasniewski's man, while Kwasniewski pointed out that Pawlak had personally appointed the head of Polnippon as the head of the customs office. It turned out that both were reluctant to acknowledge a closer relationship to Ireneusz Sekula. Why?

Is it known to whom and when did Sekula sell his shares in Polnippon? That happened as late as in April 1994, more than half a year after he had become the head of the Main Customs Office. He sold his shares to a company belonging to Richard Rowe, a former associate of the FOZZ who is linked to Janina C. and Grzegorz Z. (the principal suspects in the FOZZ affair), and to Dariusz Przywieczerski, a partner of that twosome in the Trast company and the chairman of Uniwersal. Rowe, who owes the Polish Treasury about $10 million, has become, upon bringing in one-twentieth of that amount as capital to Trast, and remains to this day, a member of the supervising board of that holding company, for which Janina C. used to work earlier.

One of the prosecutors removed from the conduct of the investigation underway since May 1991 concerning the FOZZ abuses believes that it has become stalled ever since the current governing coalition has assumed power. Janina C. was released from detention and continues to engage in big business deals. One such deal was the acquisition of the former Rosa Luxembourg Works, which she subsequently relinquished to Uniwersal in return for her debts, whereupon Uniwersal sold it, on 30 December 1994, two days before the Law on Government Orders became effective, to the Main Customs Office. This is how it happened that the Main Customs Office, headed by Sekula, engaged in business with the principal suspect in the FOZZ affair, a suspect who is accused of having embezzled many billions of old zlotys.

That is because an advance payment of Z15 billion [old zlotys] for the abovementioned transaction was made by the Main Customs Office as late as in June 1994 when Luxembourg Works was still owned by Janina C.'s company. Uniwersal, which allocated out of its 1993 profits only Z39.5 billion for "capital transactions," had at that time needed Z50 billion as an advance payment for shares in PolSat. On 22 July, Przywieczerski's dream of building a media empire began to take shape.

Benefiting from the favorable climate created by the current governing coalition and from its proclaimed "turn to the East," Uniwersal began to wheel and deal. In January 1994 it signed a $62 million coal contract with Ukraine. In April it established a fuel company jointly with the Polish State Railroads, and in August it was granted by the Ministry of Foreign Economic Relations a license for the importation of liquid fuel, and by the Ministry of Industry a favorable import quota. At the same time it quashed the debt owed by Tarpan, whose deputy director was Marek Pol, the current minister of industry. A guarantee of Uniwersal's business successes in the new political reality was to be its newly appointed CEO, Jerzy Napiorkowski, the former deputy minister of finance in the government of M.F. Rakowski, who, after signing an illegal license for King's Casino, suddenly departed for the United States.

The first significant personnel decision made by Sekula upon donning the uniform of the head of the Main Customs Office was the dismissal of the Director of the Poznan Customs Office Jan Przeworski, who monitored Elektromis too closely for comfort. Prosecutor's offices throughout the country are engaging in more than 40 proceedings against companies linked to the holding company of Mariusz Switalski, in connection with underpayment of duties and border fees, as publicized in WPROST and GAZETA WYBORCZA. According to calculations made on 29 March 1993 the losses sustained by the Treasury owing to just some of the Elektromis transactions questioned by the procurature amounted to Z170 billion. The Poznan customs officers have no doubt that the dismissal of the obstructive Przeworski was convenient to Switalski, an old acquaintance of Sekula.

In July 1993 Polnippon borrowed about Z1.23 billion from the Posnania Bank, which is linked to Elektromis. Members of that bank's governing board included the deputies Janusz Mackowiak from the PSL, Janusz Zemke from the SLD (also a member of the Political Advisory Committee under the Minister of Internal Affairs), Janusz Szymanski from Union of Labor (UP, chairman of the Sejm Legislative Committee), and Andrzej Gasienica-Makowski, leader the BBWR [Nonparty Bloc in Support of Reforms] Deputies Club. But their supervision of Posnania failed to protect it from bankruptcy. By the time it declared bankruptcy and left more than Z1 billion in debts, the unpaid liabilities of Polnippon grew to Z2.7 billion. KPN [Confederation for an Independent Poland] deputies claim that money served to finance Sekula's electoral campaign.

The chairman of the Main Customs Office also cultivates good relations with Piotr Bykowski, the head of Invest Bank, which provided financial services for customs offices even though it lacks loan guarantees from the Treasury. Sekula explained that Invest Bank's share in such services did not exceed 1 percent of the overall finances of customs institutions. All the same, some Z160 trillion was collected last year at the borders by customs offices, so that in this case 1 percent means Z1.6 trillion.

The organizer of one of Bykowski's many deals was Leslaw Podkanski, the chairman of the illegally operated Polish Family Capital Pension Fund, and the current minister for foreign economic relations. He was also a member of the governing board of Bank Staropolski, which was also chaired by Bykowski. At present Bykowski, in his turn, is a member of the governing board of the Agency for Economic Growth, a board illegally established by Podkanski according to the NIK [Supreme Chamber of Audit], and likewise of the bank council, appointed by Pawlak, under the office of the prime minister.

Bykowski, like Switalski, habitually promotes his personal interests through his acquaintances among politicians. The supervising boards of his capital group included or still include former or present government officials, to mention alone Aleksander Paszynski, Andrzej Podsiadlo, Wlodzimierz Rembisz, and Zdzislaw Miedziarek.

In July 1994 the Agency for Economic Growth concluded with Bank Staropolski an agreement for buying, for Z500 billion, shares in that bank and thus augmenting its operating capital. In approving the transfer of half a trillion old zlotys from a government agency to a private bank Podkanski committed exactly the same violation of the law as that of which he had accused a former chairman of Ciech, by recalling him from that post and replacing him with Zdzislaw Matkiewicz, a good friend of Prime Minister Pawlak and his "social adviser for economic affairs." At the last moment Ciech was merged with the Polish Oil Company, which is to be the mightiest Polish enterprise ($10 billion in annual operations) controlling the entire petrochemical sector of strategic importance to this country's energy security.

Matkiewicz, previously the IBM representative in Poland, engaged in business with, among others, Pawel Zdunek's InterAms. That company, which employed Anna M., a friend of the prime minister, has recently concluded contracts on terms so unfavorable to the State Budget that, following WPROST's reports on it, they became an object of interest to the NIK, while the company itself, after it declared bankruptcy, became an object of interest to the procurature. In this connection, it is obvious that a company which installs computer networks has the potential for monitoring databases.

The company of the prime minister's friend has gained an unwritten monopoly on computerizing the offices of the current Administration. With the approval of Deputy Prime Minister Aleksander Luczak, a contract containing exceptionally unfavorable terms for the education ministry—and ideal terms for the supplier—was signed. The issue of computerizing the Ministry of Foreign Economic Relations and the offices of commercial attaches is by now redolent of a scam. Minister Podkanski continues to mire himself in mendacious declarations, made also at the forum of the parliament.

At the Ministry of Foreign Economic Relations Maciej Lesny, former chief expert and deputy director of the Department for Multilateral Treaties at that ministry, is Podkanski's closest associate. While heading that department he also handled customs policy and foreign trade in food products. He opined on most applications for exporting potatoes to the countries of the former USSR. That took place during a period of changes in the system of currency clearings among former CEMA members. The companies exporting the potatoes were paid in zlotys at the preferential rate of Z2,090 per transfer ruble whereas in other cases the basic rate of Z1,000 per ruble was mandatory. Three companies for which chief expert Maciej Lesny gave positive recommendations performed fictitious purchases of potatoes on which they earned about Z126 billion at the expense of the State Treasury. Minister Leslaw Podkanski was informed about the ongoing investigation of the so-called ruble scam and its extension to Maciej Lesny. The act of indictment was transmitted to a court on 25 March 1994, at a time when Maciej Lesny had already been deputy minister for two months. Even so, Leszek Podkanski did not suspend him from office and on the contrary appointed him chairman of the supervising council of the Agency for Economic Growth. Last August the Agency "sold" to an unknown buyer at a then favorable price 60,000 shares of Uniwersal, contributed to it from the Treasury pool by Minister Podkanski.

The Bank of Food Industry affair still remains a resounding scandal. The transfer of monies from State Budget to maintain the operations of the still inefficiently operating Bank of Food Industry means taking several hundred thousand old zlotys from the wallet of each taxpayer. Yet at the same time the Polish Peasant Party (PSL) is deriving substantial profits from renting premises to the flagship office of that bank.

The Ministry of Environmental Protection is continuing its funding of the Bank for Environmental Protection, S.A., a parabudgetary ecological fund in which the PSL exercises considerable influence. At present the NIK is questioning the advisability of granting loan guarantees and has recommended "a reduction in spending on purposes not directly relating to environmental protection." And thus not only taxpayers' wallets and national security but also natural environment are being imperiled by the dangerous liaisons between the world of politics and the world of business.

Parliamentary Debate on Defense Issues Discussed

95EP0057A Warsaw POLSKA ZBROJNA in Polish 1 Feb 95 p 6

[Article by T. Mit.: "An Important Event to the Politicians and Military: Reactions to Sejm Debate on Defense Issues"]

[FBIS Translated Text] "We feel very gratified that this debate took place. That was an important event to the military and the state, and a significant momentum for reforming the entire defense system," said the Press Spokesman for the Polish General Staff, Lieutenant Colonel Zdzislaw Czekierda. "The long-expected public exchange of views on this subject finally took place among the political elite. The General Staff cadre listened to it with special attention."

Of course, the portentousness of this event consists not in the fact itself that affairs of the armed forces were discussed. The widespread expectation is that this debate will result in accelerating work on the legislation needed to built modern defense structure.

The General Staff cadre is especially gratified by the fact that the deputies reached an overall consensus on allocating a specific proportion of the state budget for defense needs. Irrespective of the ultimate specific percentile level of that proportion (the General Staff is proposing 3 percent of the GDP), the important thing is that it be stable, so as to make it possible to plan defense spending confidently on such things as procurements, modernization projects, training, etc., within an indispensable longterm time frame, e.g., over 15 years.

It also is important that many of the deputies' comments are consonant with the intent of the defense ministry, which in its plans adopted the premise that the equipment and weaponry of the military should derive 75 percent from the domestic defense industry. Support for this premise is of great importance not just to the military but to the Polish economy, including, among other things, the labor market.

On the other hand, according to Lt. Col. Z. Czekierda, the General Staff cadre distanced itself from the generalized comments of several deputies on the poor interpersonal relations within the military. Doomsaying comments on this subject are not warranted. That is because individual cases publicized by the media do not warrant drawing conclusions about the situation in the military as a whole. This is distorting the public image of the Polish Army.

This may be due to the absence of an authentic contact between certain deputies and military life, in which conflict situations are not a rule. The letters presented to the High Chamber indicate that this phenomenon ["poor interpersonal relations"] is neither as pervasive nor as pernicious as one deputy has suggested. Still, that is a highly important signal to the military cadre, and one that should not be ignored, said Lt. Col. Z. Czekierda.

At the Polish General Staff, the spokesman emphasized, the entire course of the Sejm debate, and in particular all the claims made, is being thoroughly considered.

Lt. Col. Czekierda was unwilling to comment on the clash in the Sejm between two different concepts and legislative proposals concerning the organization of the leadership of the defense ministry and especially the status of the Polish General Staff itself and the exercise of direct control over the military. Instead, he said, "What concerns the Staff is that the system for the command of the armed forces be clear and unequivocal so far as decisionmaking possibilities are concerned.

"The soldier must, to recall the words of the President of the Polish Republic, know who is his superior, who has the right to give him orders and bears total responsibility for them."

The General Staff expects that, whatever the solutions ultimately adopted by the legislative branch, the military will be absolutely guaranteed protection against partisan interventions [i.e., apolitical status]. Assuring complete neutrality in this respect to the armed forces should become an inviolable principle.

PFP Activities Scheduled for 1995 Discussed

95EP0057B Warsaw POLSKA ZBROJNA in Polish 2 Feb 95 pp 1, 8

[Article by Andrzej Medykowski: "Ready for NATO in Three Years?"]

[FBIS Translated Text] Poland's admission to NATO would not cause too many problems to the Headquarters and individual commands of the Combined Military Forces of NATO in Europe. Specific problems do exist, but regular contacts and the considerable experience gained, and primarily the commitment of the head of the Polish General Staff and is deputies as well as of operational commanders, provide the premises for making that admission feasible fairly soon, that is, within two or three years, according to Gen. Brig. Wladyslaw Saczonek, chief of the Operational Training Directorate of the General Staff.

The occasion for his statement was a meeting with reporters on the military aspects of Poland's participation in the "Partnership for Peace" program, held on 1 February 1995.

Last year's objectives ensuing from the adopted timetable were accomplished about 95 percent, and the remainder shall be achieved this year. More than 260 projects are planned for 1995, of which 160 with the participation of the armed forces. The draft Individual

Partnership Program (IPP '95), which allows for the proposals made by NATO Headquarters, was transmitted to Brussels, and consultations on it are continuing. It should be emphasized, however, that money is the principal determinant of the scope and pace of implementation of the more substantial projects. So far 100 billion zlotys has been allocated, and an additional 100 billion is to be allocated for this purpose by the Polish defense ministry, but according to last year's estimates, 500 billion zlotys is needed. In view of the inadequate funds available for creating the units scheduled to participate in achieving objectives under the Partnership for Peace program, only an operational battalion is to be ready by the end of this year.

The IPP program focuses on the following projects: Command and communications, military organizational structures, combat equipment for troops and air defense, the Navy, the training system, and the theory of the art of warfare. A specific reflection of measures intended to come closer to NATO standards, procedures, and structures, was the publication last year of the "Manual for the Tactical Operations of Land Troops," whose text takes into consideration the principles of tactical operations followed by the armies of NATO countries. The publication of "Military Insignia and Acronyms," which contains a section dealing with NATO, is being prepared, and a numerical 1:1,000,000 scale map for use at the strategic and operational levels has been prepared for the first time. Work on adapting logistics to NATO standards, including the adoption of the "NATO Codification System," has been initiated.

Participation in Partnership for Peace is viewed as an important factor in strengthening security and bringing us closer to NATO structures. For this year the participation of our military in many projects and exercises, including about five involving land and air force troops (jointly with submarines) and six involving the Polish Navy, has been scheduled. To be sure, no major exercises with the participation of foreign troops are envisaged on Polish territory, but training facilities have been prepared for such an eventuality.

Military Training Needs for 1995 Outlined

95EP0052A Warsaw PRZEGLAD WOJSK LADOWYCH in Polish No 12, Dec 94 pp 5-12

[Article by Gen. Div. Leon Komornicki, chief of the Training Directorate and deputy chief of the General Staff of the Polish Army: "Essentials of the Training Effort in 1995"]

[FBIS Translated Text] We have interesting training plans for 1995 that have been repeatedly analyzed, consulted with the council of the chief of the Training Inspectorate, and reassessed during the annual training conference of the command cadre of the Polish Army. They are plans tailored to the needs and possibilities. Even so it should be said at the outset that implementing each planned project will largely hinge on the funds allocated.

* * *

A major objective, the transition to 12-month military service, will after all require considerable expenditures on changing the training model. And at the same time we must maintain an ongoing combat readiness of the army. In the context of these problems I wish to draw the attention of our training cadre to the basics aspects of implementing the principal directions of our activity in the new year.

The changes in the functioning of the armed forces are necessitating the drafting of a new-style document that would comprehensively coordinate the operation of all the elements of training and educational activities, of basic and advanced career training, and of the process of applying military technologies, and that would as well assure a close relationship between military training and the civilian sector.

Such a document should be, of a certainty, not the "Directions" but the "Training Doctrine of the Armed Forces of the Polish Republic," which is to remain binding until at least the year 2000, and whose drafting should be commenced even before this year is over and scheduled to be completed by mid-1995.

Training activities in 1995 will be designed to maintain the combat readiness of the land-based troops—in accordance with the changing organizational and training conditions of the armed forces, with allowance for the national defense strategy and a rational utilization of the funds allocated for training objectives.

The adjustment of the training system to the ongoing restructuring of land-based troops and military training will be continued.

In the fourth quarter of 1995 we must attain, as I mentioned before, readiness to switch to a 12-month system for training soldiers in basic military service.

Priority will be given to applying the provisions of the "Manual of Tactical Exercises of Ground-Based Troops" to training practice and elaborating the rules for the utilization of new equipment in combat, so to improve the combat potential of tactical groups. The institutional solutions developed in 1994 concerning training rules and the use of troops in combat will also be applied in practice.

General military training will be bound by the provisions of new rule manuals and instructions governing the course of military service. Efficacy of supervision, especially by the monitoring services, will be increased with the object of averting accidents with weapons, pilferage, and arbitrary absences without official leave. We shall attach special importance to the introduction of new rules whose implementation must serve to consolidate the cadre and personnel of subunits. The solutions and decisions presented during the training-methodological course of the command cadre of the Armed Forces of the

Polish Republic should be utilized according to competence in every domain of training activities.

As regards mechanized and armored troops, their subunits should be prepared to conduct effective combat operations in territorial defense within anticipated zones of responsibility. In training we should focus our efforts on preparing a soldier-specialist and on the teamwork of subunits in combat, up to company level inclusively. Interchangeability of duties will remain a fundamental requirement for efficiency of action and desired broad range of skills.

As part of the training of developed subunits on firing ranges, conditions should be provided for target firing, fire assessment, and fire directing.

In tactical exercises and system training, with allowance for the rules of the new "Manual of Tactical Exercises for Land Troops" and "Instructions for the Organization and Conduct of Tactical Exercises," there is a need for improving the ability of subunits to act in various conditions and, in the case of commanders, the ability to command all elements of a combat group and to secure the conduct of operations. Hence, during tactical and command-staff exercises aspects of cooperation with the nonmilitary have to be considered and the utilization of the infrastructure of zones of responsibility with the object of preparing and waging combat has to be thoroughly analyzed.

The rules for night exercises and firing with the aid of night-vision devices will be rigorously observed during training. We must attain a suitable level of systematic and smooth fire training of the crews of tanks and infantry combat vehicles, with maximum utilization of training equipment (trainers and simulators). Important objectives have to be accomplished by 11 Armored Cavalry Division and 2 Mechanized Division. They will test the assumptions of new firing programs.

In assault-landing units, too, efforts will be focused chiefly on preparing units and subunits for independent execution of combat missions in cooperation with subunits of the air force.

In the training of subunits of mountain infantry of special importance is the integration of tactical training with alpine training and the preparation of subunits for independent existence and fight in difficult terrain, climatic, and atmospheric conditions. In individual training attention will be focused on the physical condition of personnel.

The training experience gained during 1994 in this country and abroad supports a smooth transition to a 12-month training cycle for subunits. Here I wish to note that within the scuba diver subunits of land troops emphasis should be placed on free-diving skills, operation as part of evacuation and rescue teams, surreptitious identification of water obstacles during various seasons of the year and times of the day, and the performance of basic mining operations on land and under water (especially in local group-diving). The practical diving abilities of the command and instructor cadres should be verified during central methodological training of the underwater service of land troops.

In air cavalry new training programs will be introduced, upon adapting the basic facilities (barracks, exercise grounds, school installations, airfields, training aid, etc.) to training and other troop activities. Staffs and subunits will be prepared to operate in various conditions with the aid of helicopters. Their combat efficiency and fire potential will be systematically increased, the time of reaching combat efficiency shortened, and the daily number and scope of sorties augmented.

For missile and artillery troops the training effort should be focused on maintaining their ability to accomplish fire-support objectives in combat and during operations and to skillfully combine firing with maneuvers with the object of preserving continuity of support to combat troops. The training of the subunits of antitank artillery and guided antitank projectiles will be conducted in cooperation with all-arms subunits. In this connection the provisions of new rules, instructions, and programs should be introduced in the training practice and combat operations of missile and artillery troops. I also wish to add that work to refine the computerized command, identification, and fire-directing support system will be completed.

For the air-defense troops their preparation for accomplishing objectives relating to the protection of troops and facilities will be streamlined. There is a need for the coordination of tactical firing by subunits as part of troop training in areas of intensive air force operations (in garrisons and on firing ranges). The introduction of elements of an automated command system in the Warsaw Military District will be continued, as will be the preparation of a linkage between the operational command and a higher-level automatic command and identification subsystem. Tactical-level command vehicles will begin to be introduced. Automation at the level of the antiaircraft unit and battery will be continued.

In 1995 the USTKA Center for the Firing-Range Training of Antiaircraft Defense Troops will continue to be expanded and modernized with allowance for the needs of all armed services.

For engineer troops providing engineer support for combat operations, priority will be given to projects reflecting the solidity and intensity of defense, and primarily to the creation of a system of obstacles and the construction of fortifications.

In the training of all-arms subunits emphasis should be placed on independent action in accomplishing the basic objectives of engineer support. This concerns in particular the installation of protective mine fields, the expanded fortification of positions and areas of deployment, and the surmounting of manmade obstacles (including random mine fields). During the training the skills of active utilization of friendly man-made obstacles in combat and of cooperation with the engineer subunits maintaining these obstacles should be refined with the object of assuring freedom of movement and maneuver as well as security for friendly troops.

For units of defense against chemical warfare a fundamental training objective is to prepare them to accomplish various objectives in new organizational structures, such as special subunits for chemical rescue and for the localization and suppression of fires.

But as for the training of all-arms subunits and armed services there is a need for a minimum of independence in accomplishing combat objectives in the presence of [chemical, biological, radioactive] contamination, and infantry subunits must be additionally prepared to cooperate with their supporting flamethrower subunits. Another important objective will be the organization of stations for directing a contaminant-detection system and the coordination of their operations with those of the operational monitoring service of the Polish Armed Forces and of military districts, as well as the preparation of elements of a contaminant-detection system for cooperation with and participation in contamination monitoring.

As for the operations of the military police in 1995, they will be focused on introducing principles for the use of operational units. An appropriate selection of personnel for newly formed regiments and battalions will be assured. The restructuring of the units will continue until the end of 1995.

The current activities of the military police include counteracting violations of military discipline, inclusive of crime, absence without official leave while carrying arms, and pilferage of means of simulating the battlefield.

In all-arms training priority will belong to the new manuals of rules o the Armed Forces of the Polish Republic. At instructor-methodological courses the introduction of these manuals should be focused on.

Sentry-duty and service sites should be equipped and furnished in accordance with the guidelines presented during the training-methodological course for the command cadre of the Armed Forces of the Republic of Poland.

Physical fitness programs will be adapted to the new conditions of training and service. An athletic style of life should be popularized more broadly among the military personnel, employees, their families, and school youth. This concerns chiefly the sports disciplines useful to the military. Polish Army athletes will take part in the First Military Olympics in Rome. We hope that they will make a good showing.

I want to point out that unit commanders shall be granted far-reaching rights as regards taking training decisions (time, place, and scope of exercises, number of trainees) on the basis of an appraisal of possibilities and the assigned limits.

Of major importance to the armed forces will be educational and recreational problems. Let me point out that no investments are sponsored in this domain, yet underestimating the importance of these problems would be so costly to the military. While intensifying training, an objective should be to improve living and service conditions within the unit and to assure effective and attractive rest and recreation. The principal factors promoting crime and particularly striking disciplinary offenses should be eliminated and new factors and cultural (social) trends in the community that might adversely affect military discipline should be identified and eliminated as well.

The following will be introduced: a manual of disciplinary rules, the code of honor of the Polish Army officer, the charter of the soldier in basic military service, and a manual of rules governing the institution of spokesmen, deans of the officer corps, and meetings of officers.

Cultural and educational aims will be accomplished along with other forms of service and training activities as purposive and systematic ways of spurring motivation for service and a feeling of solidarity with fellow soldiers so as to promote the maintenance of military discipline and order and create conditions for easy access to cultural treasures.

Important objectives have been posed to career military training. They are linked to the consistent implementation of reorganization projects. New models of training candidates for career soldiers will be developed and introduced into practice, as will be a model for the management of military career training.

The legal aspects of the operation of military schools will be brought into order through revisions of the existing provisions and instructions. The operating principles of secondary-level military schools will be changed accordingly. In a word, military schools have to adjust to operating under new programs.

As regards inspections, the actions planned for 1995 will be conducted more effectively. Priority in inspection will be given to those tactical groups and units which completed their own restructuring (deployment) projects and reported achieving ability to act as scheduled.

In addition to aspects of the combat preparedness of the troops, inspectors from the central institutions [of the defense ministry] and military-district commands and armed services will give priority to problems of military discipline, with allowance for interpersonal relations, style and methods of command and guidance, and adherence to the rules governing the course of service and military life.

The political changes in the world have necessitated greater activity of the peacekeeping forces of the international organizations. The number of operations planned by the United Nations, the Conference on Security and Safety in Europe, and their participants, is steadily rising. The participation of Polish Armed Forces in these operations is also growing.

It is necessary to refine the systemic solutions concerning the creation and preparation of Polish subunits for participation in special missions of international organizations and for the corresponding development of a recruitment system. Both organizational and legal changes are needed in this domain.

Moreover, in connection with the intensification of international training contacts, specially those ensuing from the "Partnership for Peace" program, as well as owing to the greater commitment to the preparation of Polish military personnel for peacekeeping missions, a need to operate an efficient training center for the needs of United Nations peacekeeping forces, so as to reflect the responsiveness of the Polish Army, is arising.

Speaking of the preparation of military personnel for the execution of varied tasks, mention has to be made of the training base, this being fundamental to the implementation of training programs. Its continuous modernization should lie in the focus of the commanders responsible for personnel training.

A major objective relating to that base in 1995 should be the introduction of a new system for providing training aids to the military. The existing system is turning out to be ineffective now that the central institutions of the defense ministry are being restructured.

In this connection, a priority objective in developing the training base in 1995 will be the production of training facilities and simulators. Despite its relatively high production cost such equipment largely substitutes for combat equipment, which results in reducing the consumption of fuel and ammunition and in lower training costs. This year tests of the effect of training facilities on the quality of training are being carried out in subunits of 11 Armored Cavalry Division and 2 Mechanized Division. The conclusions and experience ensuing from these test will find practical application in troop training in 1995.

Providing the armed forces with new-generation weaponry requires R&D work on training equipment. In this connection the continuation of work on a multipurpose trainer for the PT-91 tank will be of major importance.

Here again everything depends on the funding. Given the financial restrictions, a rational utilization of the allocated funds is becoming particularly important.

The funds available to the Training Directorate will be earmarked chiefly for the acquisition of training equipment and installations, their repair, and central investments. The should be to a large extent complemented by the funds earmarked by the military districts and armed services for the repair and maintenance of training facilities.

Given the drastic cutbacks in the funds allocated for investments, in 1995 the principal effort should be focused on completing the construction of the already commenced training facilities. Here it is important to counteract the depreciation of training facilities and equipment by means of periodic repair and maintenance as well as of adherence to the regulations governing their operation.

As the military become increasingly equipped with trainers and simulators, some of the training objectives involving the use of engineer equipment will be accomplished by utilizing stationary facilities.

For training in garrison conditions training films (both centrally and locally produced) and computer programs should be utilized to a greater extent. Exercises based on the use of these visual aids should be treated as preparations for operations involving the use of combat equipment.

An important problem to be solved in 1995 remains the practical application of the provisions of the "Agreement between the Ministers of National Defense and Environmental Protection, Natural Resources, and Forestry Concerning the Utilization of Forested Areas for Purposes Relating to National Defense and National Security."

Adherence to fire safety rules, protection of natural environment on firing ranges, recultivation of forests and land following the conduct of training exercises—such are the fundamental requirements to be borne in mind during exercises and drills.

In view of the existing danger of fire in forested areas, which is highly detrimental to troop training on firing ranges (restricted firing possibilities) it is expected that, starting in 1995, no such training will be conducted there in the summer period (July, August). During that period the residential and recreational facilities near firing ranges, i.e., boarding schools and campgrounds, should be utilized for the rest and recreation of the career military and their families.

[Box, p 10]

Diagram [not reproduced here] titled "Development of the Training Doctrine of the Armed Forces of the Polish Republic (Until June 1995)":

In center: Basic Directions of Activity:

Counterclockwise around center:

—Maintenance of desired combat readiness;

—Application of the rules of the new "Manual of Tactical Exercises of Land Troops" to training practice;

—Development of rules for the use of equipment in combat with the object of enhancing the combat readiness of tactical groups and units;

—Continued adaptation of training system to the ongoing restructuring of land troops and military schools;

—Streamlining the monitoring, especially of the services, to counteract accidents with weapons, pilferage, and absences without official leave;

—Practical application of the institutional solutions developed in 1994 for the rules of the training and combat use of troops;

—Application of the rules contained in the new "General Manual of the Armed Forces of the Polish Republic," in the "Drill Manual of the Armed Forces of the Polish Republic," and in the instructions governing the course of military service;

—Development of training doctrine;

—Attainment of readiness to switch to a 12-month system for training soldiers in basic military service;

—Rational utilization of funds allocated for training;

—Military cooperation with other countries under "Partnership for Peace."

Sejm Passes Amendment to Law on Wage Formation

WS0303110095 Warsaw NOWA EUROPA in Polish 3 Mar 95 p 2

[Article by P.P.: "Sejm Passed Amendments to Law on Wage Formation; Possibility of Making Corrections"]

[FBIS Translated Text] The amendment to the law on wage formation in economic entities, passed by the Sejm on 2 March, envisions that the maximum annual index of wage increases in enterprises may be renegotiated within a year in the forum of the Trilateral Commission, unless earlier forecasts concerning the level of inflation or increases in the GNP prove accurate. The amendment was backed by 326 deputies, 49 were against, and 13 abstained.

In the debate on the amendment, only deputies of the Freedom Union [UW] were against such a provision. According to Zbigniew Janas of UW, as a result of allowing the possibility of changing the wage increase index, the Trilateral Commission will always seize this opportunity, and greater indexes will encourage employers to raise wages. "High wages will result in more frequent valorization of pensions, which, in turn, will accelerate inflation," Janas argued.

Maciej Manicki of the Democratic Left Alliance stated that the new provision would be very important because the wage increase index for next year is set for the period until August. "The experience that we have had so far taught us that macroeconomic prognoses, primarily concerning inflation and prepared for the next five months, often prove inaccurate," he said.

The need for such an amendment to the law was agreed on 6 January by the Trilateral Commission (made up of representatives of the government, trade unions, and employers). It was also decided that wage increases in 1995 would not exceed 23.5 percent. This index is to serve as information.

Nuclear Fuel Rods Arrive Without 'Defects'

AU0203160895 Bucharest AZI in Romanian 28 Feb 95 p 1

[Unattributed article: "They Have Started Feeding Nuclear Fuel to the Cernavoda Reactor"]

[FBIS Translated Text] At the Cernavoda nuclear power station, during the inspection of the shipment of nuclear fuel rods [fascicule de combustibil nuclear] no defects caused by their transportation from Canada to Romania were found. As is known, in the port of Constanta the authorities found that the seals of two of the containers filled with the nuclear material had been broken and their acceleration meters [accelerometrele] were missing. The official handover of the entire nuclear fuel shipment is to be made during the loading of the rods to the primary circuit of the nuclear reactor. These loading operations commenced yesterday and are to continue over the next few weeks, until the critical mass is reached, triggering the nuclear fission process in the reactor.

Article Forcing Lawmakers To Take Oath Passed

AU0203131195 Bucharest Radio Romania Network in Romanian 1100 GMT 2 Mar 95

[FBIS Translated Text] The senators today resumed debate on the bill on the status of members of the Chamber of Deputies and Senate. They sanctioned several articles, including Article 54 stipulating that parliamentarians are obliged to take an oath pledging honorably and faithfully to exercise the mandates bestowed on them by the people.

According to that same article lawmakers who refuse to take the oath are not permitted to attend parliamentary proceedings and will not receive their salaries and other benefits stipulated by law so long as they refuse to take the oath.

According to our correspondent, the senate will resume its proceedings in plenum at 1500 on Monday, 6 March.

Battalion Continues Training Despite Scandal

AU0203154395 Bucharest EVENIMENTUL ZILEI in Romanian 28 Feb 95 p 7

[Article by Simona Ionescu, Lidia Popeanga, and Doru Dragomir: "The Affair With the Automobiles Is Wreaking Havoc Between Soldiers and Policemen"]

[FBIS Translated Excerpt] Our previous articles on the illegally registered cars affair in which Bucharest Military Unit 01908 was involved has wreaked real havoc among Army personnel, including officers who expressed their consternation and indignation about the deeds committed by their colleagues. [passage omitted] Following the dismissal of Lieutenant Colonel Ion Grecu, commander of the Romanian peacekeeping battalion involved in the illegal registration of automobiles, the blue helmet unit command is currently in the hands of Captain Ion Gheorghe Tataru, chief of the unit's general staff.

Despite changes in the battalion leadership, the soldiers' training program continues unabated and on schedule.

The training of the soldiers in the blue helmet battalion recently entered a new stage, in view of their imminent departure for Angola within the framework of the United Nations mission for Angola, UNAVEM. [passage omitted]

Ambassador Candidates Reportedly Ex-Spies

AU0203160695 Bucharest EVENIMENTUL ZILEI in Romanian 28 Feb 95 p 4

[Article by Andra Manta and Bogdan Iacob: "Eighty Percent of the Ambassadors Proposed by the Foreign Affairs Ministry Are Former Securitate Employees Deposed by Ceausescu Following the Defection of General Pacepa"]

[FBIS Translated Text] PDAR [Democratic Agrarian Party of Romania] Senator Florin Velicu will suggest, tomorrow, during a Senate Foreign Policy Committee session, that they send a letter to Foreign Affairs Minister Teodor Melescanu drawing his attention to the fact that about 80 to 90 percent of the candidates proposed by the MAE [Foreign Affairs Ministry] to fill the position of ambassador abroad are former Securitate officers, many of whom used to be covert agents in the West who were deposed by Ceausescu following the 1979 defection of General Mihai Pacepa.

According to a statement made to us by Senator Velicu, the intelligence services abroad have files in their archives on the Romanian agents in question, this being the reason for most of the foreign governments slamming the door in their faces, except in cases where the ambassadors agree to "cooperate" with their intelligence services.

Report: NATO, U.S. Supplying Army With Arms

AU0103213695 Zagreb GLOBUS in Serbo-Croatian 24 Feb 95 pp 2-3

[Article by Eduard Popovic: "On 18 February, a Large Transport Plane Landed on the Runway in Zivinci Village Near Tuzla!"]

[FBIS Translated Excerpt] The leading world news agencies on 21 February dispatched the news that the representatives of UNPROFOR [UN Protection Force] had twice perceived—on 10 and 12 February—the C-130 aircraft accompanied by combat aircraft in the airspace of Tuzla. The UNPROFOR representatives did not provide any explanation regarding those flights. They only said that the planes had been dropping some goods in a manner typical of the U.S., French, or British Air Forces. It is important to say that the C-130 flights for Tuzla were discussed in the UN Security Council as early as 14 February, when it was confirmed that a C-130 aircraft did in fact land there.

The world news agencies have immediately drawn the conclusion that someone is supplying the Muslims with arms from the air. There are not many countries that own C-130 aircraft. This U.S.-made airplane is an integral part of the NATO member states' air forces, and since the airspace of Bosnia was proclaimed a no-fly zone by NATO, foreign military analysts have concluded that those flights were organized or carried out with the tacit approval of NATO.

There are also speculations that the United States has started to unilaterally supply the Muslims with arms from the air. According to the other version, there are Turkish aircraft that have been given approval by NATO to fly over Tuzla and supply the Muslims with arms. It is also believed to be NATO's response to the numerous flights of the Serbian transport helicopters from Serbia to the Serb-controlled territories in Bosnia, by which the Yugoslav Army was supplying with arms Ratko Mladic's troops in the regions of Tuzla and Srebrenica.

The direct supplying of Muslims with arms by the United States, Turkey, or some other countries—with obvious support from NATO—is a great turn in Western policy on the Bosnia-Herzegovina crisis. [passage omitted]

The news that arms are arriving through Tuzla airport has coincided with the reorganization of the Army of Bosnia-Herzegovina. According to the decision made by the Bosnia-Herzegovina Presidency, the staff of the Supreme Commandership has been renamed to the General Staff of the Army of Bosnia-Herzegovina, which is only one of the steps aimed to strengthen the Army and its efficiency.

Says Brigadier Sead Delic, commander of the Army's 2d Corps: "The essence of the reorganization is to combine as many maneuvering systems as possible that will be able to liberate the entire territory of Bosnia-Herzegovina, regardless of where they were formed—that is, their zones of responsibility. The combat readiness of our units will reach the level that will guarantee successful completion of what was launched in May 1994. It is about our transition from the defensive way of waging the liberation war into the offensive defense. Which is to say, the basic task is to liberate the temporarily occupied regions, which is impossible without the establishment of an elite, better, more professional army. That army will liberate a great part of the occupied territory very soon. We are aware that the peace process will last quite long, as well as that the international community will not be able to force the chetniks to accept peace plans and agreements. Behind the chetniks from Bosnia, there are Serbia and Montenegro, and even Russia, which is helping them not only politically but militarily. As long as the Army, together with the units of the Croatian Defense Council [HVO], is not able to secure for our political leadership equal conditions in the negotiations, peace cannot be accomplished. The only way of securing those conditions is to inflict so many losses on the chetniks that they can no longer count on the realization of Greater Serbia. The changes in the Army's organization and formations are almost finished, while the current cease-fire will be used for our Army's strengthening at all levels." [passage omitted]

The conversation was interrupted for a moment by the strong sound of an airplane's engine. The sound was coming from the southeast, from the direction of Zivinice and the Spreca valley, where the Tuzla airfield runway is situated. It was past noon and the sound was quite intensive. It could have also been the sound of an airplane that had just landed. The airfield at Dubrave near Tuzla is controlled by UNPROFOR and it is highly improbable that the airplane landed there. Besides, that runway is mainly used by UNPROFOR's helicopters rather than by airplanes. The first and last airplane that landed there was that of Yasushi Akashi, who opened the airfield for use on that occasion.

The sound we probably heard on 18 February shortly after noon was that of an aircraft braking on the runway southwards from Tuzla, near Zivinice, which is not controlled by UNPROFOR. It is 1,800 meters long, suitable for transport aircraft to land by day, while by night it is only possible to deliver weapons and ammunition by airdrops. Brigadier Delic looked out the window, and without losing his train of thought began to talk about the sore point of the entire region—the Posavina corridor.

"When speaking about the units of the Army's 2d Corps, the control over the corridor, without resolute joint actions and cooperation not only with the HVO units in Orasje, but also with the Republic of Croatia, will not make any sense if Croatia decides to tolerate the existence of that corridor. It is clear to us what that corridor means, and the final battle for Bosnia-Herzegovina will be eventually fought at the Sava and the Drina. The war will not end until our units come to those rivers. Until then the chetniks will believe that their military successes so far will make possible the partition of Bosnia-Herzegovina. In case we succeed in coming to the Sava—and we shall do that sooner or later—the Bosniak-Croatian tensions will abate and the Federation will root itself more rapidly.... The so-called Herceg-Bosnia lives and depends for the most part on trading in goods seized from the convoys passing through that corridor, while its leaders' ultimate goal is central Bosnia and this region. It is precisely for that reason that our coming to the Sava and linking with Croatia would be the shortest way to diminish tensions and find a political solution in a more expeditious way. It takes two days for goods from Croatia to reach us now—that is, to pass the way from the Sava to Tuzla. We have to come to the Sava and the Drina, and in that way we would force the chetniks to accept the peace plan and understand that the Bosniaks and Croats will not live like slaves but rather as people in their own territory," Delic says.

In order to accomplish this, it is necessary for the Army to own appropriate weapons, in addition to its respectable number of troops. Because the transformation from a defensive into offensive army, the task of which is the liberation of the occupied territories, requires a great quantity of offensive weapons, in addition to the reorganization of commanding posts and adequate training. So far it has not been known that the Army has respectable weapons at its disposal.

The Review of Troops in Travnik

The typical offensive weapons are tanks, as well as howitzers, cannons, multiple missile systems, and smaller systems used in attacks against bunkers. When speaking of tanks, the Army can rely only on what it has captured from the former Yugoslav People's Army, because the military industry of Bosnia-Herzegovina does not manufacture tanks. Howitzers and cannons, as well as 60, 82 and 120 caliber mortars are manufactured in the Bratstvo [Brotherhood] factory in Novi Travnik, which is controlled by the Bosniak forces. The recent review of Army troops in Travnik indicated that the Army meets a half of its needs by its own manufacturing facilities. On that occasion each platoon was armed with mortars, while howitzers, cannons and Orkan missile systems with the range of up to 50 kilometers were also displayed. In Tuzla we received official information that the percentage of needs satisfied by the Bosnian own production capacities is now more than 50 percent.

Furthermore, Sarajevo television some time ago broadcast a report on Tuzla that showed the Bofors [famous Swedish arms manufacturer] production line of pouring trotil [as published] into mortar shells, which was not owned even by the former Yugoslav military industry. This, as well as the drafts of destructive shells that the former Yugoslavia never manufactured, prove that the Bosniak forces have not satisfied themselves with what they captured from the enemy. Of course, one always has to count on the possibility that the aforementioned report is war propaganda.

The Army currently lacks fuel, raw materials, experts, and manufacturing capacities. Therefore, it is forced to import arms.

There are two ways of arms delivery. The one via Croatian sea and airports is unreliable because Croatia demands a certain percentage for itself. Besides, the communication between Croatia and the Bosnian regions under the Army's control are burdened with political problems. In the winter, several mountain roads toward Tuzla may happen to be blocked by snow. [passage omitted]

Kohl to Izetbegovic on 'Intolerable' Bihac Plight

AU0203160995 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 2 Mar 95

[FBIS Translated Text] German Chancellor Helmut Kohl has written to Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency. The letter reads as follows:

Esteemed Mr. President, I thank you for your letter dated 12 February 1995, in which you call attention to the continued Serbian attacks on Bihac. The military operations of the Serbs and their allies on the town and region of Bihac, as well as the obstruction of humanitarian aid for the local population, are a flagrant violation of the existing cease-fire. They moreover seriously threaten the international community's efforts to achieve a political solution to the conflict. The suffering of the Bihac people, exposed for months to the war machinery that despises people, touches me deeply. Prompted by my appeals, Foreign Minister Kinkel has introduced initiatives in the European Union and the UN Security Council that should contribute to ending the intolerable situation in Bihac. Meanwhile, the UN Security Council has passed appropriate resolutions based on our draft proposals.

At the same time, the German Government, supported by the European Union, has once more appealed to international humanitarian organizations to step up efforts aimed at obtaining permission for the passage of humanitarian convoys for Bihac [words indistinct], despite all international efforts, the situation in Bihac has not changed in any significant way.

That is why we need to continue in our efforts to end all hostilities in Bihac and throughout Bosnia-Herzegovina, to see that the cease-fire is observed, and that humanitarian convoys are permitted passage to the suffering people in Bihac and other parts of Bosnia-Herzegovina.

Germany will continue to do what is in its power to do, concludes the letter by German Chancellor Helmut Kohl addressed to Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency.

Demirel Blames UN for Preventing Sarajevo Visit

AU0203212595 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 2 Mar 95

[FBIS Translated Text] President Izetbegovic today received Turkish Ambassador Sukru Tufan who delivered Turkish President Suleyman Demirel's letter. President Demirel's letter reads:

I am very sad and dissatisfied that I have been prevented for the second time from responding to Your Excellency's invitation and thus realizing my long awaited visit to the European capital [words indistinct] of tolerance and understanding, the beautiful, heroic city of Sarajevo, and meeting with you on Bosnian soil. This is stated in Turkish President Suleyman Demirel's letter addressed to President Izetbegovic.

The Turkish president reiterated in the letter his dissatisfaction with the behavior of the United Nations, which, according to Demirel, once again gave in to the Bosnian Serbs' blackmail and thus denied him transportation to Sarajevo, in spite of the fact that the Turkish president had clearly told the UN officials that he was not asking for any guarantees regarding his personal safety.

This incident casts a dark shadow on the UN Protection Force's credibility, and it should serve as an impetus for undertaking an urgent international action for the necessary strengthening and adjustment of the UN mandate, President Demirel's letter reads. The Turkish president has already informed UN Secretary General Butrus Butrus-Ghali and his special envoy Yasushi Akashi about the incident.

The letter ends with the Turkish president's invitation to the president of the Bosnia-Herzegovina Presidency, Alija Izetbegovic, to pay an official visit to Turkey as soon as possible.

Croats Denying Transit Visas to Bosniaks

AU0203170795 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 2 Mar 95

[Report by Nada al-Isa from Zagreb]

[FBIS Translated Text] Why has the Republic of Croatia for months now been refusing to issue transit visas to 750 Bosnia-Herzegovina refugees—exiled in Macedonia [The Former Yugoslav Republic of Macedonia]—which would allow them to return to Bosnia via Croatia, and in spite of the Zubak-Granic agreement that promised to solve the issue quickly.

There is allegedly fear that the returning Bosniaks could move into Croatian houses, although these fears were soothed by Ejup Ganic, Presidency member and vice president of the Bosnia-Herzegovina Federation, who promised that such a thing would not happen. According to our information, the so-called authorities of the so-called Herceg-Bosna would allow the return of just 80 individuals out of the 750. However, it is very difficult to agree to this, and here is why: Namely, the refugees should first go from Macedonia to the Albanian port of Drac, from where they would take a boat to the Croatian port of Split, which means that an entire boat would have to be rented for only 80 people. This is too expensive and it makes no sense for them to return one by one if they can all return at once.

It is unclear why the Croatian authorities have several times refused to issue transit visas for just the area of Split. Stipe Mesic's comment on all this is very revealing and interesting. He said: The Croatian Croats are denying the Bosniaks transit visas, while the Bosnia-Herzegovina Croats are barring them entry into the Federation territory. Yet both insist on favoring the Federation.

Airport in Sarajevo Remains Closed

LD0203142895 Belgrade TANJUG in English 1341 GMT 2 Mar 95

[FBIS Transcribed Text] Belgrade, March 2 (TANJUG)-—Sarajevo Airport was on Thursday morning once again closed after fire was opened on a Ilyushin-76 plane which was taking off for Zagreb, U.N. Protection Force [UNPROFOR] spokesman Gary Coward has said.

When the plane landed in Zagreb it was determined that the aircraft had been hit by four small-bore bullits, Coward said. The AGENCE FRANCE PRESSE agency quoted U.N. spokeswoman Myriam Soachy as saying that the decision on suspending all flights for Sarajevo had been made by the U.N. High Commissioner for Refugees and UNPROFOR.

On Wednesday evening a British-owned Ilyushin-76 had also been hit twice but there had been no casualties and it had not been determined who had fired them. The air-bridge for Sarajevo was suspended for one month until Dec. 21, and since then several times briefly due to incidents. The last time was on February 25.

RS Draft Law on Deputy Immunity Criticized

95BA0149C Belgrade POLITIKA in Serbo-Croatian 1 Feb 95 p 13

[Article by Nikola Trklja: "Interesting Draft Law on Rights of Republic of Srpska Deputies: Lifelong Deputy Immunity"]

[FBIS Translated Text] *Representatives of the opposition regard the latest proposal as a law on privileges and royal rights of deputies; aside from lifelong immunity, deputies would have the right to veto opstina decisions, national pensions, free spa cures, and other perks.*

A new draft law on the rights of national deputies of the republic of Srpska (RS) that is scheduled to come before the RS Assembly shortly has attracted the attention of the political public and strong criticism by opposition parties. Representatives of the opposition have called the latest draft law unconstitutional and undemocratic, a law on privileges that grants royal rights to national deputies.

Strong Condemnation

At a joint meeting held last week, representatives of the four largest opposition parties of the republic of Srpska that are not represented in parliament—the Serbian Democratic Party "Homeland Front," the Serbian Radical Party of the RS, the People's Radical Party "Nikola Pasic," and the Socialist Party of the RS—concluded that the new law gives national deputies rights that are unprecedented in the world and that it guarantees privileges that are an irritation to the people. Because of all this, the opposition parties recommend that the People's Assembly of the republic of Srpska not adopt the law in question.

Why has this legislation, which the opposition parties say is already making its way through parliament, evoked such strong condemnation?

According to the opposition's allegations, the commission of the republic of Srpska Assembly, headed by deputy Srdje Srdic from Prijedor, drew up the new draft law on the rights of people's deputies, which provides for lifelong immunity for deputies. This would mean in practice that deputies to the RS Assembly have legal protection after their terms end and they return to other jobs, retire, and so on.

Such a legal provision would mean that former deputies, in cases where they are subject to laws, when they commit some violation or criminal act subject to punishment less than the legal limitation (generally determined by their parliamentary status), would not have to appear before the courts, but could instead cite their immunity.

Aside from this, representatives of the opposition parties emphasize that the new law also stipulates a deputy's right to a national pension, settles the housing question, and provides for moving expenses, free personal and family protection, free spa cures, and a number of other privileges.

Besides this law, the opposition alleges that preparations are under way to amend the Law on the Manner of Executing the Rights and Duties of Deputies. These provisions contain a means for deputies to veto individual opstina decisions.

"Because many opstinas have not complied with regulations prescribed by law and have not respected the work of deputies while the deputy is their only link to the republic, we propose that the deputy be given the authority, supported by law, to veto specific decisions by opstina bodies and to forward such decisions to multistage bodies in the republic and wait for a second-stage, final resolution," this unusual proposal states.

Aside from this, there are provisions for a deputy being a member of the personnel commission, the personnel commission of the SDS [Serbian Democratic Party], and the personnel commission of the opstina assembly in the territory of his opstina, where personnel decisions will be reached by consensus. In the event of a state of war, the proposal states, the deputy, as the representative of the republic, must be a member of the war staff.

The obvious desire of the legislature to completely centralize the decisionmaking process and place local institutions of power under the direct control of parliament was met with hostility by the representatives of the opposition parties, who called this a usurpation of authority. The opposition notes that the deputies are not themselves an end, but rather are in parliament to represent the will of the people, and that the people's will is to bring the fighting to an end and not to adopt laws on deputies' privileges.

Allocation of Forest Land

Aside from this law, which the opposition parties allege is already making its way through the Assembly, there are several other proposals in the republic of Srpska that could become law. At a recent meeting of ecologists in Bijeljina, proposals were heard concerning the ownership transformation of state property. Specifically, it was proposed that forest land be allocated to soldiers with the armed forces of the republic of Srpska.

The institution of deputy immunity is known in all democratic parliamentary systems. It came about from the desire to protect representatives of the people in parliaments from various sorts of pressure or extortion, i.e., to allow them to do their work independently. In the division of power between the executive, the judicial, and the legislative branches, it is known that the courts are independent and separate from the other branches of government.

Deputy immunity protects deputies from any mistreatment, but there is no precedent for this right being retained by those whose terms have ended.

Bosnian Serb Lobbyists in Great Britain

95BA0147A Zagreb VJESNIK in Serbo-Croatian 28 Jan 95 p 8

[Article by Jasna Zanic Nardini: "Karadzic's Media Guru Arrested"]

[FBIS Translated Text] London (from VJESNIK's permanent correspondent)—John Kennedy, private secretary to the queen's close relative Prince Michael of Kent, was arrested the other day by the British police. Kennedy was detained during a police investigation of an attempt to blackmail one of the exiled members of the Libyan royal family, the London press reported on Friday. The news item would not have been of particular interest to our readers if John Kennedy—whose real name is Radoje Gvozdenovic—had not been a distinguished lobbyist and activist for the Serbian side, a man until quite recently seen frequently in the company of Radovan Karadzic in important international forums.

An indictment may be filed against Kennedy. But in the meantime Scotland Yard has released him on bail, and the police investigation is continuing. Kennedy was arrested with another person, a certain Anthony Baily, concerning the plan referred to extort money from an unnamed Libyan prince residing in London.

In January of last year, John Kennedy became a courtier of the queen's first cousin, Prince Michael, and four months later he was promoted to the prince's chief secretary. The London press says that Kennedy-Gvozdenovic "is related to the Yugoslav royal family" (which, we recall, has kinship ties to the British royal house). It is said that he also has ties to the exiled Libyan dynasty, that is, that he knows 36-year-old Crown Prince Idris al-Senussi. When Kennedy ran in the general election in 1992 as a Conservative candidate for Barking (unsuccessfully, it turned out), the Libyan prince took part in his campaign. Kennedy was also secretary of the Conservative Council for East Europe.

At the Psychiatrist's Side

But that is only part of his official biography. The general British public is less aware that John Kennedy also worked for a well-known lobbying firm Ian Greer Associates, which at one time waged a campaign in Britain against recognition of Croatia and then generally advocated and propagated the views of the Serbian side. As a kind of media guru for Radovan Karadzic, he was often seen at his side during several of the psychiatrist's visits to London. He was also an integral part of the Serbian team during the London conference in August 1992. As Karadzic's public relations adviser, he has often been a guest at Pale, and he has also gone to Geneva in the psychiatrist's entourage.

Kennedy has also worked—and probably still does—as an assistant to Henry Bellingham, a Conservative deputy in the Lower House. Just the other day, a miniscandal broke out in Britain over the fact that some ministers and deputies are employing a large number of political lobbyists as false assistants who are actually said to help them in their lobbying. Angela Rumbold, a Conservative deputy, has thus lobbied on behalf of a London firm, and she employed another lobbyist under cover as an assistant and raised a great hue and cry for doing so.

But so far there has been no controversy over the fact that Henry Bellingham has been employing another well-known lobbyist, John Kennedy. British deputies must publicly declare their extraparliamentary interests and connections, but Bellingham did not declare any "Serbian connection" in the last examination of those interests, which the London OBSERVER recently published. "What, in that case, does John Kennedy do in his office?" certain well-informed people in London are asking distrustfully.

A Pro-Serbian Network in the Defense Ministry

It is of interest that Henry Bellingham is the parliamentary private secretary of British Defense Minister Malcolm Rifkind. (Those who know the situation well find it odd that around Rifkind there should be a small pro-Serbian network whose members include people like Conservative deputy Harold Elletson or Rifkind's adviser David Hart.)

As far as Kennedy is concerned, it is hard to believe that he has ceased altogether to lobby for Serbian interests. But today he is not seen very often in the company of Radovan Karadzic. In the summer of 1993, his place alongside the shaggy psychiatrist was taken by Jovan Zametica. Karadzic's new public relations adviser recently became well known to the general public when his conversation with Sir Michael Rose was carried by world radio and television. "Don't f— us, Mike," Zametica said in an aside during that conversation to the former UN supreme commander for Bosnia.

In well-informed London circles, Zametica is well-known as an academic of the recent generation who bombarded British newspapers with supposedly scientifically objective letters and articles in defense of Serbian interests. Blaming the Serbs for what is happening in Bosnia "would be the same as accusing them of theft in their own house" is one such typical Zametica defense. Child of a mixed Muslim-Serbian marriage, Zametica (some say his real name is Omer) has renounced his Muslim ties and sold his services to the Serbian side.

It is also of interest that Zametica seems to have had troubles with the law. In London circles close to the Croatian and Bosnian lobby, it is said that he left Otok in haste, allegedly leaving a large debt behind him. According to recent reports, he has begun to get on Karadzic's nerves, and it seems that he is no longer popular in Serbia either. When he recently made a brief visit to London via Belgrade, he was detained at the Belgrade Airport and released only on Butrus-Ghali's intervention.

Islamization of Bosnian Army Seen

95BA0157B Belgrade VECERNJE NOVOSTI in Serbo-Croatian 3 Feb 95 p 2

[Article by Boro Maric: "The Foremost Member Is Allah!"]

[FBIS Translated Text] Alija Izetbegovic, president of the Presidency of the Muslim part of Bosnia-Herzegovina and president of the Democratic Action Party [SDA], has again confirmed that the foremost member of his party is Allah!

This time, Izetbegovic did this with the help of Dr. Ejup Ganic in responding to members of "his" Presidency, Dr. Nijaz Durakovic, Stjepan Kljujic, Dr. Ivo Komsic, Dr. Mirko Pejanovic, and Dr. Tatjana Ljujic-Mijatovic, who charged him and Ganic with creating a "one-party

Islamic state" and doing so by placing certain units of the Muslim Army of Bosnia-Herzegovina under the direct influence and control of the Islamic clergy and the Democratic Action Party.

"Those who created it and those who have fought for it will decide the destiny of this country," was the message that Izetbegovic and Ganic delivered to members of the Presidency who have publicly distanced themselves from creation of an Islamic and one-party state on a portion of the soil of Bosnia-Herzegovina.

It would be hard to find an objection to this disavowal by Izetbegovic and Ganic, at least at first. After all, what could be more natural than the decisions on a country's destiny being made by those who created and defended it? But....

The Muslim part of Bosnia-Herzegovina was created by the Democratic Action Party, whose membership—back in the time of the existence of the SFRY [Socialist Federal Republic of Yugoslavia] and the Socialist Republic of Bosnia-Herzegovina—first joined the Patriotic League, the Green Berets, and other paramilitary formations from which the present Muslim Army of Bosnia-Herzegovina was formed. Their principal objective—both then and now—was to create an Islamic state that would be confining for everyone but Muslims.

While all that was happening, Izetbegovic was asserting at every step that his objective was not an Islamic Bosnia-Herzegovina, but a civil state. Among the few who believed him in the face of the facts, which spoke otherwise, were the present "rebels" in the Presidency of the Muslim part of the former Bosnia-Herzegovina, to whom Izetbegovic is now saying in essence that he does not consider them either creators or defenders of Bosnia-Herzegovina; at least not of the kind he is building.

Aware that the army in any time, particularly wartime, is one of the basic pillars of government authority, Izetbegovic has assured himself reliable protection. And still more important: By placing the Army under the control and influence of the clergy and the SDA, if only indirectly, he has given notice that—consistent with the principles of a Muslim "holy war"—he will be fighting as long as he can to create an Islamic state in this part of the Balkans.

Opposing Interests of Banja Luka, Pale Viewed

95BA0149A Belgrade NIN in Serbo-Croatian 3 Feb 95 pp 18-19

[Article by Branko Peric: "Pernicious Divergences"]

[FBIS Translated Text] *The Krajinans have never before been so severe in telling off their state leadership, but the different interests had to come to the surface eventually.*

Relations between Banja Luka and Pale have recently entered a conflict phase. The gauntlet was thrown down by Predrag Radic, president of Banja Luka Opstina, in a special broadcast by Serb Television-Banja Luka Studio.

Radic did not say anything new. Other politically important figures in Krajina have said as much in the past. The novelty now is that this "important man" said many of these things unexpectedly, in an inauspicious manner and at an inauspicious time: during the most heavily watched television time slot and at the end of the ruling structure's mandate. What was said acquired the undertone of a contrived solution by the authorities and of a disruption to Serb unity at a critical moment, to which a further contribution was made by Croatian Television, which carried Radic's remarks that same evening on the broadcast "Image to Image."

Aware of who Mr. Radic is in Krajina and that the people are unquestionably on his side, officials from Pale hurried to react with an editorial commentary by Serb Television-Pale Studio. The anonymous writer of the commentary was unable to hide his nervousness and thus resorted to the already well-known instrument of political discreditation, classifying Radic as "one of those Serbs from the RS [republic of Srpska] or beyond with malicious and pernicious intentions, behind which lie personal ambitions and political imputation." His intentions were even equated with those of Alija Izetbegovic and international conspirators.

Krajinans have long been talking openly about the political marginalization of Banja Luka and Krajina, which is attributed to Radic as an imputation and lie, and this could not have remained unknown to Pale. Bureaucratic self-confidence apparently underestimates the "voice of the people." For Pale, the Krajinan's comments carried an undertone of autonomism.

"Whenever representatives from Krajina meet, they immediately wonder why we have come together. When we seek a widening of the corridor, or that Banja Luka be the center of western Serbdom, they tell us that we are autonomists. But it is not autonomism when the Declaration on Sarajevo is adopted," complains Radoslav Brdjanin, a minister in the RS government.

The Krajinans' dissatisfaction is linked to the number of their people in the republic's official bodies. "There is not one Krajinan in 15 institutions that are of interest to the republic," alleges Mr. Brdjanin. "Some of our deputies from here go to parliament simply to applaud in advance, hoping that they will earn political points if they support some third-rate politician from Pale instead of their own first-rate person."

The dismissal of Banja Lukan Voja Kupresanin from the post of director of Serb Television and the appointment of Sarajevan Milan Zoric in his place is the latest example of the "Sarajevization of the media." Previously, the acting chief and responsible editor of GLAS SRPSKA, Miro Mladjenovic, also a Banja Lukan, was dismissed and replaced by Goran Matrak of Sarajevo. They say that this personnel shuffle was carried out without consulting the Banja Luka Opstina Committee of the SDS [Serbian Democratic Party].

President Radic has also sharply criticized some of the provisions of the latest Law on Enterprises, feeling that instead of protecting state (public) property it will produce the opposite effect and ruin strong and competent enterprises. This objection has to do with the legal authority of the opstina executive committees to appoint and fire directors and administrative bodies at enterprises, an authority that has long been persistently executed. Examples of firings of directors simply because they are not members of the ruling party have been openly cited on several occasions by the chairman of the SPS [Socialist Party of Serbia] for the RS, Dr. Dragutin Ilic. Perhaps for that reason as well Radic will be labeled a "dirty communist."

Something will have to happen soon. The state leadership will certainly have to present more solid arguments to the public, but Radic too will have to provide additional explanations. For now, Mr. Radic has received the full support of the Banja Luka Opstina Committee of the SDS, the ruling party's largest opstina organization. Businessmen will stand behind him to the last man.

In addition, the Opstina Committee of the Serbian Radical Party in Banja Luka has spoken up in the form of a reaction in GLAS SRPSKA, citing examples of the marginalization and unequal position of Krajina. The Radicals condemn the investment of resources in the Bijeljina-Milosevac political route, saying that it is already known that it will not be completed in the foreseeable future, instead of building a long-distance power line that will "free Banja Luka and Krajina from the most drastic restrictions relating to electrical energy in the RS." Krajina is in the dark for the third year, and Banja Lukans can still recall 35 days of uninterrupted darkness. Meanwhile, the Radicals see the investment in parallel state institutions "on the hills surrounding Sarajevo" and the insistence on restoring major economic systems ("Energoinvest," "Unis," "Sipad") as obvious examples of the marginalization of the economic and demographic potential of Krajina.

The Krajinan public was also embittered by the ceremonial issue of OSLOBODJENJE, comprising 256 pages, at a time when Banja Luka's GLAS SRPSKA is being published on 12 pages of the worst yellow newsprint. In the areas of justice, internal affairs, and public services, employees have received pay for the month of July last year. A soldier from Prijedor returning from the Brcko front issues a curse for which he previously would have received a good prison sentence and complains, "I received 50 dinars in military pay for May of last year and an IOU for the same amount, to be paid in 18 months. The slip of paper was made up like a death certificate, with only the picture missing." The Krajinans are also wondering why gasoline in Bijeljina is 1.80 German marks [DM] but DM4.50 in Banja Luka and who is profiting from these transactions. The mounting problems are stirring up nervousness on both sides. The state and political leadership faces a serious test.

Martic's Call For Mikelic Resignation Attacked

LD0303003595 Belgrade TANJUG Domestic Service in Serbo-Croatian 2314 GMT 2 Mar 95

[FBIS Translated Text] Knin, 2 March (TANJUG)—The government of the republic of Serb Krajina [RSK] announced late last night [2 March] that "it regards the initiative of a group of deputies to Krajina's parliament and the demand of the President of the Republic Milan Martic for a debate on confidence in the government and Prime Minister Borislav Mikelic as any legitimate discussion in a democratic procedure."

"The government reviewed with due attention the accusations mentioned above regarding the prime minister and his government," according to a statement distributed among reporters following the government's session.

The government's statement lists a number of facts which refute the allegations presented in the demand of President Martic for recalling Mikelic, including economic chaos in the RSK, an increase in commercial crime, and the accumulation of capital in the hands of a small number of profiteers.

The statement notes that RSK's 1994 social product rose by 21 percent, hard currency reserves increased by 1700 percent while material reserve expanded by 600 percent.

The government stresses in the statement that this "is not the first time the views of the RSK president have been in collision with the views of the government and parliament."

"Having failed to understand, or even more to the point, not wanting to understand the constitutional powers of the government and parliament, the RSK president has been raising a series of problems in the internal sphere, depicting Krajina as an unstable political entity, something that is absolutely at odds with the true state of affairs and undermines the RSK's negotiating process," the RSK government says in its statement.

The government reminds President Martic of his "clearly expressed demand" at one of the assembly sessions: "Give me more authority as I have not enough powers" and stresses that when he cannot get such support the president takes an alternative route "to destroy the government, thus seizing more power."

Such ambitions are also followed by his attitude to the problem of cadres and appointments to the RSK government as he fundamentally does not respect the democratic system while wanting to decide all by himself on every appointment, in this particular case a minister of internal affairs," the statement says.

In the government's view, the qualifications and views presented in President Martic's demand aim to divert the attention of the public and the assembly "from his personal responsibility for the arbitrarily organized mobilization which has paralyzed economic life and stifled the positive processes in the economic revival."

As far as the criminal element in society is concerned, the government notes in the statement that Martic held the post of minister for internal affairs for two terms of office "when crime was rocketing in the RSK."

"If there is a great deal of crime in the RSK's society, and there surely is a considerable degree of crime, the president of the state cannot be absolved from responsibility for such a situation," the government notes.

"In this situation when the views of the president and those of the government are in extreme confrontation, it is up to the assembly and its deputies to formulate their objective and final verdict on the work of the government and the RSK president" the government says in conclusion in its statement motivated by President Martic's demand for the dismissal of Prime Minister Mikelic and his government.

Valentic Meets With Iranian Envoy

LD0303074295 Tehran IRNA in English 0736 GMT 3 Mar 95

[FBIS Transcribed Text] Tehran, March 3, IRNA—Iran's Ambassador to Croatia, Mohammad Javad Asayesh in a meeting with Croatian President Nikica Valentic in Zagreb Thursday [2 March] underlined the need to promote bilateral economic and political relations.

Announcing Iran's final agreement to purchase four ships from Croatia, Asayesh noted that a delegation from the Islamic Republic Shipping Organization was currently in Zagreb to discuss the purchase of the four ships.

Stressing the importance of economic cooperation between the two countries, the Croatian premier appreciated the efforts made by the Islamic Republic to upgrade mutual ties.

At the end of the meeting, the two officials underlined the need for both countries to exchange economic and diplomatic delegations.

Tudjman's 'Personality Cult' Criticized

95BA0154A Split FERAL TRIBUNE in Serbo-Croatian 30 Jan 95 p 9

[Article by Jelena Lovric: "Tudjman's Horses: Cult of Personality: Alkars in Protocol"]

[FBIS Translated Text] *By appointing* Sinj alkars *[participants in annual contest in Sinj where horsemen attempt to hit an iron ring with spears] to his honor guard, Tudjman is attempting to create an instant tradition that will help him to ascend to royal heights. This is in fact an unlikely mix of the affected manners of the English court and the raw power of the "Red courts." Both originated in a earlier time and are anachronistic and unmodern. That is why the president's mounted honor guard is galloping into the past.*

The president of Croatia now has a mounted honor guard as well. From now on, the Sinj alkars will perform that function. Announcing the news that a contract to that effect has been reached with the Ministry of Defense, officials with the Chivalrous Alkar Society emphasized that the queen of England and the king of Spain are the only people in the world with a mounted honor guard. This statement indicates the real motives behind this scandalous decision. Is Tudjman thus turning into an English queen? Does he really intend to join the ranks of kings, even if it is by way of horses?

One need not spend too much time guessing at the motives of the alkars, who will now be on continuous alert so that they can immediately appear at events provided for by presidential protocol. Mate Jukic, president of the Chivalrous Alkar Society, says that the change in their position will also change the situation at the Sinj hippodrome and solve the alkars' previous problems. The alkars will also receive from the Ministry of Defense, without compensation, the southern part of the Croatian Armed Forces Club, which means that the entire complex will be in their hands. In this way, the project of the Alkar Courts will finally be realized. In other words, all the problems that the Sinj alkars have been unable to solve in the past are now being solved by placing them in service to the president.

Parade of Vanity

But why did the state president need such a contract and what will the mounted honor guard do for him? To show that Croatia too has show horses or to become more similar to the queen of England? Tudjman has already demonstrated his leanings toward ostentatious courtly spectacles. That was in fact the first thing that he demonstrated. Proof of Croatian sovereignty was provided first of all by his guard, his sash, the flag and coat of arms, protocol, airplanes, residences, boats.... His statement that the construction of the presidential yacht is proof of Croatian sovereignty on the seas was tragicomic. Just as the world was previously astonished at how the recently formed Croatian state, with the threat of war at its door, can find the time and resources for a "Mickey Mouse presidential guard," it is equally hard to understand how the state president finds the motives and justification to surround himself with ceremonial horses amid the social misery and political uncertainty of pressured Croatia.

But this is no longer a matter of love for kitschy and pretentious protocol. There is a system behind this affinity for ostentation. In recent times, the state president has shown an increasing inclination toward his transformation into a king. One might conclude now that it was no coincidence that his offices were previously called the Presidential Courts. At first glance, these appear to be incompatible categories, but Tudjman is in fact turning into a hybrid of president and king, whereby royal manners are increasingly prevalent. His protocol is encumbered with excess quantities of pompous frills which serve only to emphasize His specialness and singularity. Wherever he goes, flags are carried before him and hung wherever the state president stops. When he recently visited the newly opened Ministry of Reconstruction, the presidential flag was immediately hoisted over the building. Before every television interview or address, the presidential insignia is flaunted and the national anthem is played.

Tudjman took a significant step in this transformation from president to king in his pre-New Year's "address to the nation" when he said that he is the standard-bearer of state sovereignty. The Constitution does not substantiate that position, but the chorus of courtly sycophants immediately accepted it. Thus, there is no doubt now that the president is developing for himself the position of sovereign, in various ways but persistently—from the fact that after his epistles no debate is permitted in the Assembly, so that deputies must accept them as a voice from heaven, to the most recent contribution to the development of a personality cult—through the organized spontaneity of telegrams of support euphorically applauding "the president's wise decision to fire UNPROFOR [UN Protection Forces]." It remains to be seen what Croatia will gain from that decision, but there can be no doubt whatsoever that Tudjman will strengthen his position of inviolability.

All of this proves that the boss of Croatia clearly does not belong in the company of modern European presidents. He is more partial to the court and the position of king. However, despite this propensity and even despite the mounted honor guard, Franjo Tudjman bears very little resemblance to the queen of England. The queen of England is a well-bred lady, with no major authority, almost an old-fashioned embellishment of democracy whose private life is even limited by strict rules. But in Croatia we have a man who wants to decide everything.

Father and Son

That is part of the reason why foreign circles are more inclined to place Tudjman's rule side by side with that of modern dictators who behave like absolute lords in their countries. That is also how their families behave, demonstrating an inclination to turn into dynasties. In this sense it is pointed out that Tudjman's family lives royally, or that—similar to "eastern despots"—his son is assigned the post of chief of the secret police. Not only does Miroslav Tudjman increasingly resemble his father; he is also drawing ever closer to him every time some chair is moved toward him.

Furthermore, the queen of England's mounted guard is a symbol and the remnant of a tradition that has been in place for centuries. Through his horses, Tudjman is attempting to create an instant tradition that will help him to ascend to the position of king. This is in fact an unlikely mix of the affected manners of the English court and the raw power of the "Red courts." Both originated in a earlier time and are anachronistic and unmodern. That is why the president's mounted honor guard is galloping into the past.

Defense of World War II Atrocities Criticized

95BA0155A Split FERAL TRIBUNE in Serbo-Croatian 30 Jan 95 p 17

[Article by Boris Dezulovic: "Lullaby for a Cutthroat"]

[FBIS Translated Text] "I am proud of everything I did. If I were offered the chance to take the same position today, I would accept!"

With these words, in an interview with MAGAZIN, Dinko Sakic, who at one time headed the Jasenovac camp, and is today an emigre in Argentina, paid his tribute to the worldwide commemoration of the victims of Auschwitz. Mr. Sakic, however, is not a media sensation. He did not become that even though a prestigious columnist of the "leading Croatian political daily" and "the first lady of Croatian journalism" decided to promote him almost exactly on the 50th anniversary of the liberation of the largest death factory in the history of humanity. Even his words seem deja vu: Did not the now famous ustasha commander from Dubrovnik, recipient of the Prince Trpimir Order, say the same thing down to the last comma? There is nothing more to it than yet another face added to the gallery of senile fascists, neo-Nazis foaming at the mouth, and "political absurdities."

Not that Dinko Sakic did not try. He thus explained to the uninformed public that Jasenovac was "a legal institution established by law where everyone was sent when it was proven that they had worked to demolish and destroy the Croatian state and who were dangerous to public order and security." He also explained that "there were no mass murders in Jasenovac," and that "slaughter was natural and normal," because in the camp "there were always 3,000 inmates." Yes, there were executions by firing squad, but "on the basis of law," because "the law-governed state was in effect." For that matter, "there is no state in the world that does not have prisons and camps, and someone has to do that thankless job." In the end, his conscience is clear, he "sleeps like a baby," although sometimes he has regrets. He regrets, for example, "that we did not do everything attributed to us, because if we had, Croatia today would not have a problem, it would not have anyone who would write these fabrications"!

The President's Nose

So, nothing new.

However, there is something more fascinating than the ease with which worn-out fascists deliver their conscience to the Croatian people, virgin-pure and bleached by sincere patriotic motives: the painful role of victim they play. Just as the owner of the Order of Prince Trpimir (who, incidentally, had nothing to do with it) feels himself to be a victim of a conspiracy of sinister forces, and just as the half-century exile of Pavelic's murderers and bureaucrats is today represented as their sacrifice woven into our better today, so the unfortunate Dinko Sakic, whom the newspaperwoman represented as "a creature utterly lost in the mob," "a man without a homeland," but "with numerous enemies," reveals why he did not come back to Croatia in a touching confession:

"I did not want to go to Croatia. Not because of myself, because of fear, but because I did not want to cause problems for the president and the government, because certain people might have taken advantage of my presence to blame the president for the commander of Jasenovac, a war criminal, walking the streets of Zagreb."

Dinko Sakic obviously is not altogether well-informed about Croatian politics, because if he were, he would know that his return to Croatia was not any particular problem for the president. What is more, he perhaps would have saved him the traveling expenses to present some nice medal. Dinko Sakic might perhaps have been welcome at the ceremonies to open the president's vision of a Croatia reconciled under the monument in Jasenovac, as a monument to all the victims of World War II.

The way things stand, that is, the president has divided the heavy burden of the unhappy past rather fairly. "The academy is the most suitable place where Croatian antifascism should be discussed," Dr. Franjo Tudjman was to say at the reception for the delegation of the Croatian Academy of Arts and Sciences in support of the initiative to hold a scientific conference commemorating the 50th anniversary of the victory over fascism. All other places of public and political life were, on the other hand, left to the retired fascists and various ideologues of pseudoconservative totalitarianism as "more suitable" for them to strut freely and without fear—not of repression, of course, but of "reproaching the president": from the names of streets and military units to embassies, newspapers, and the speaker's desk in the parliament.

Regret Because of the Living

The hypocrisy of the top leadership of the Croatian state is thus reaching its culmination. In the name of ceremonial, decorative antifascism, it would thus give its blessing to scientific meetings and international celebrations, but at the same time it will do nothing so that a fear far more serious than that "reproach" is not felt by the authentic victims of fascism, like that of one surviving inmate of Jasenovac who asked a FERAL newsman to understand why he was refusing an interview, because he was "afraid for his daughter, his son, and his grandchildren." Dinko Sakic has no such fear, only a sincere regret that the man who did not give an interview to FERAL is alive at all. Finally, had they "done everything attributed to them, Croatia would not have a problem today." Had they killed them all, there would be no one to lie that they had been killed. And this, "his Croatia," would not have any doubts today about who its antifascists are and who the fascists were.

It is out of that hypocrisy that today official Croatia takes up antifascism as a "principle of civilization," and if that does not work, then it renounces fascism at least declaratively, because, what can you do, that is the trend in the West. Did not the Italian neofascists renounce Mussolini the other day, in Verona and Vienna were not several dozen neo-Nazis arrested just the other day, did not the Bavarian Government, which holds the copyright to Hitler's *Mein Kampf*, prohibit its publication in Sweden just a few days ago, arguing that its "place is in the darkest cellar of history," did not the Polish and German churches bow down publicly before the victims of Auschwitz just the other day, taking their part of the responsibility on their conscience?

Of course, we also had our delegation at the melancholy meeting in Auschwitz. Let the world see that we are antifascists. In any case, it is more important for the one who sent them that the world think that than for Croatia to know it.

Milosevic Says FRY Not To Recognize 'Skopje'

AU0203170895 Skopje MIC in English 2 Mar 95

[FBIS Transcribed Excerpt] Serbia will not recognize "Skopje" under the name Macedonia [The Former Yugoslav Republic of Macedonia], provided it does not reach an agreement with Greece first. According to the Greek press, this stance was expressed by the Serbian leader Slobodan Milosevic in the meeting held in Belgrade two days ago, with the leader of New Democracy Miltiadhis Evert, MAKPRESS reports.

The leader of the Greek opposition Miltiadhis Evert, following the meeting with Milosevic, stated that he had received confirmation from the Serb president that he would remain on this position "at any political price." [passage omitted]

UN Observer: Tetovo Situation 'No Longer Tense'

AU0203170595 Skopje MIC in English 2 Mar 95

[FBIS Transcribed Excerpt] The new UNPROFOR [UN Protection Force] commander in Macedonia [The Former Yugoslav Republic of Macedonia] General Yuha Engstrom told MIC that according to reports of UN observers, the situation in Tetovo is no longer tense.

"There is no increase in our patrols on the border with Albania. There is no need for that as the situation is calm." [passage omitted]

Crvenkovski Views Reforms, Tetovo Issue

AU0203133595 Skopje NOVA MAKEDONIJA in Macedonian 25 Feb 95 p 15

[Interview with Prime Minister Branko Crvenkovski by Julijana Kocovska and Milan Babov; place and date not given: "The Government Will Proceed With the Reforms"]

[FBIS Translated Text] [NOVA MAKEDONIJA] How do you assess the government's work over the 60 days since its election?

[Crvenkovski] The period is really too short to be able to make a general assessment. In this government there are some new ministers as well as some who were members of the previous one but with different portfolios. Within parliamentary democracies there has been established the tendency to look at "100 days of government." This is a period within which the main directions of the government can be established, when team work is harmonized, and the first policies implemented. This period is usually seen as a time of quiet work by the government, after which the first assessments can be made.

Unfortunately, Macedonia [The Former Yugoslav Republic of Macedonia] is not in a position to permit such a practice. I, and I imagine the ministers, too, knew that we would not have this 100 days. When I was forming this government, and the last one too, the circumstances were such that they dictated hellish dynamics from the very first day. I can mention as an example the negotiations with the IMF and World Bank delegations, which were going on at the same time as discussions were taking place with the parties and politicians in the "interim government" period, that is, the first 20 days as laid down in the Constitution for forming the new government. Even before the ministers set foot in their offices, the 1995 budget had been presented to parliament. I find it very significant that we did not lose our rhythm even though a new government was in the process of being established.

In this short period we have been faced with some major reforms. The law on the 25 lossmakers [giant unprofitable state-controlled companies] is part of our program of structural changes in the economy. We have now finalized the negotiations with the IMF and the World Bank and we are just about to sign a standby arrangement, something that we could only have dreamt about two years ago. Laws on reforming the Interior Ministry are going through the parliamentary process and will soon be followed by projects to revitalize the banking system and reforms to the judiciary system, a law on local elections, and other election laws... in other words, the dynamics of the new government's work are considerable and results are expected soon.

Far From European Standards

[NOVA MAKEDONIJA] What is your opinion about the government passing so many laws in such a short time?

[Crvenkovski] A number of laws that have been passed in this period had actually "passed" through the regular parliamentary process in the previous parliament and only the final phase remained. This impression may have been given by the fact that a number of laws have been passed rapidly. Nevertheless, we must be aware that we as a state are in a specific situation dictated by the transition from one system to another, by international arrangements, and also by some imposed needs. Under these circumstances the time factor has become extremely important and we are often not in a position to grant ourselves too much time, as others can.

As a state, we are far from European standards in many respects and we can only change this if we move faster than others.

[NOVA MAKEDONIJA] After the new government was formed, there was much talk about the incompetence of some ministers, reshuffles, and influential party activists occupying crucial positions. What is your comment on this?

[Crvenkovski] It is minimally correct behavior to judge the abilities and capabilities of some people on the basis of what they do, rather than on the basis of prejudices about themselves or their positions. Time will tell how competent those are who have been assigned certain duties.

Nor should we forget that this is a political government, not one of experts. This means that the legitimacy of the ministers comes from the policies of the parties that were approved of at the parliamentary elections. And finally, half of the present ministers are highly educated doctors of science, and therefore such a conclusion cannot be drawn in terms of their formal education.

[NOVA MAKEDONIJA] Does this mean that you are assuming that a doctor of technical sciences can be, for instance, a successful minister of defense?

[Crvenkovski] This may be the most appropriate example of all and I thank you for mentioning it. According to our laws, only a civilian can be the minister of defense. This implies that the most competent people in the field are automatically excluded and this is normal since we have opted for civilian control over army structures as is appropriate for democratic states. The question remains as to what a minister of defense must be in order to be judged competent.

Have any of you journalists asked yourselves what the profession is of the U.S. Secretary of Defense William Perry or the former NATO Secretary General Manfred Woerner?

[NOVA MAKEDONIJA] Do you not find such a comparison rather too pretentious?

[Crvenkovski] On the contrary, I am speaking about competence. If the defense chief of the greatest military power in the world is a mathematician and the head of the strongest military alliance on earth an engineer and if all this was good enough for the United States and NATO, I see no reason why the head of the defense in the Republic of Macedonia cannot be a doctor of technical sciences.

While I was forming the government, I did follow a few criteria. First, this is a political government, which means that its members must have been approved at the parliamentary elections through the parties that are in the government.

Second, these individuals had to be able to perform their duties successfully.

Third, another important criterion was to form a government of ministers who have not been compromised. Of course, you can never be sure of a person over a longer period, but I wanted to start out with people who had not been connected with any scandals whatsoever.

Mercilessly Against Crime

[NOVA MAKEDONIJA] Nevertheless, there is a feeling among the general public that the authorities are corrupt and that public offices are being used to acquire wealth. There have been examples of bribery and corruption within the state administration, in the customs service and inspectorate. What has become of the prime minister's determination that all opportunities for corruption within the state administration should be removed?

[Crvenkovski] This determination still exists and it is of the highest priority.

Crime is an eternal curse in every state and the struggle against crime is permanent. It is very important not to allow it to rise so much as to run out of control and become a dominant factor in economic and political life. The danger of such a possibility is particularly evident in countries that are in transition from one system to another. Just look at what is going on in Russia, Bulgaria, Serbia, Albania, and so on.

This struggle must be waged mercilessly on several fronts at the same time. First, through legislation. The opportunities that arise for potential crime situations must be cut off. In terms of corruption, this means minimizing the administration's arbitrary ability to grant or withhold rights. We started this process in the previous government and we shall intensify it now to the maximum. For instance, in the field of protection for domestic production: Wherever possible, goods should be subjected to import tariffs, and where this is not possible, they should be distributed through the open market rather than by arbitrary decisions by some clerk. Second, there must be the appropriate punishments for violations of the laws. I stress this because a number of laws carry practically symbolic penalties for a number of reasons. Third, there must be appropriately equipped, professionally trained, and motivated bodies to wage the struggle against crime. I am referring here to the Ministry of the Interior, the finance and taxation police (located in the Inland Revenue department), the customs service, as well as various inspectorates and other institutions.

Crime and criminals are quickly adapting themselves to new conditions and therefore the response should be rapid and appropriate. With the liberalization and opening up of our economy we are facing some phenomena that we have not experienced before; for instance, the "laundering" of money that has been earned who knows where or how, attempts to make this money legitimate through our country's regular financial channels. This requires the appropriate organization and expertise.

[NOVA MAKEDONIJA] There are people in business who know about money laundering. Is it not illogical that the state does not know how to deal with and detect such forms of crime?

[Crvenkovski] We do not need people who know how to "launder" money, but rather people to fight against it. We need well organized and professional bodies that will enjoy the good international cooperation essential for the struggle against this type of crime.

[NOVA MAKEDONIJA] How far have you got with the registration of ministers' property and how much is this only demagoguery, since this registration is being done just on the basis of the personal word of the ministers themselves?

[Crvenkovski] It has nothing to do with demagoguery. It is not a Macedonian speciality; it is something normal in many democratic states: One's entire property is announced to the public at the moment one assumes office so that it can be seen whether the situation has drastically changed during one's period in office.

It is another matter if journalists discover that a minister has accumulated wealth and has hidden it from the public eye. Such a situation should cause a scandal, or the resignation or dismissal of the minister.

As I understand it, the list of statements will soon be made public.

[NOVA MAKEDONIJA] How poor or rich are our ministers?

[Crvenkovski] To be honest, I do not know. I would like them to be wealthy enough to be able to dedicate their energies to their work and not to have to think of ways to become rich in other, illegal ways.

The Only Way

[NOVA MAKEDONIJA] Will the government persist with the reforms that are this time being carried out with the assistance of the international financial institutions or will they exact an unacceptable social price?

[Crvenkovski] All the economic reforms hitherto collapsed midway through for the simple reason that there was no readiness to see them through or pay the required social price. The moment they encountered more serious difficulties, they were abandoned and put aside for better times. Unfortunately, instead of better, there always came worse times.

This time we must carry them out under the most difficult of conditions, in a situation when the economy and people are totally exhausted, when all our domestic reserves have been squandered. Unfortunately, we have no other choice. We are in a one-way street and we must continue down it until the end and cannot waste time on nostalgia. Otherwise, we can expect total chaos and a clear historical failure, in which the social price to be paid might be deferred briefly but will be much higher.

The government is ready to persist with this program until the very end, although it is aware of the pressure, the criticism, and the attacks that it will be subject to. Finally, because we are insisting on these reforms, it is better to embark on them sooner rather than leaving them for later, like cowards who take no action. We are facing a really difficult period, but I have no doubt about the strength of the government's determination. The real question may be whether parliament will persist in supporting such a government.

[NOVA MAKEDONIJA] What do you think about that?

[Crvenkovski] I hope that the awareness that there is no alternative to the reforms will also prevail in parliament. And not only in parliament, but also in the state as a whole, and that every citizen who rationally analyzes things will, in spite of the daily difficulties, see that this is the only way.

We can all see what is going on in the former socialist states. We know that one of their main preoccupations is reform; we know that there is resistance and tendencies to want to go back; there are strikes and social tension and the ruling parties are being replaced. However, the basic direction is again toward reform and privatization, and they are all cooperating with the IMF, the World Bank, and the Paris Club, regardless of whether they come from the right, the left, or the center. It is simply the only way.

[NOVA MAKEDONIJA] The recent dramatic events in Tetovo caused a crisis in the country's interethnic relations. "A burst balloon, a birthday party, or a stillborn child" was how your minister [of the interior] addressed the question of the so-called Albanian "university," but it became transformed into something very dangerous for stability in Macedonia!

[Crvenkovski] No issue in interethnic relations in Macedonia should be underestimated. Nationalism is an evil genie that, once out of Pandora's box, cannot easily be put back in.

I do not intend to explain or justify the statements of any minister. However, the most important thing is not what somebody said, but how he carried out his duties as a minister within the framework of the Constitution and the laws. On this occasion, I would like to stress that the government and its institutions reacted in a proper and timely manner and within their constitutional rights and duties. We presented the government's views of the whole initiative at the appropriate time, but unfortunately there were those who did not want to or could not abandon the path that they had chosen. I repeat my expressions of sorrow over everything that happened and for the human life that was lost. Nevertheless, constitutional order and the legal procedure must be respected if we really want to construct a democratic state governed by law.

Some people have said that the police should not have intervened so as to avoid these events, but they forget that this would have meant violating the Constitution and order. Macedonia is a democratic state and nobody can be penalized for his political views even if they run counter to the Constitution and the laws. It is only when a practical action is taken aimed at violating the Constitution and the laws that there are the conditions for applying mechanisms for prevention and punishment.

[NOVA MAKEDONIJA] How efficient can the government be in its work if there is the constant threat that the Albanian ministers will withdraw from the government and institutions of the system?

[Crvenkovski] It is not a matter of whether or not it can. It must work efficiently. Moreover, such an atmosphere does not prevail in the functioning of the government. All the members of the government, regardless of their party or national affiliations, are taking the correct attitude toward their duties, or at least that has been the case so far.

I would like to repeat something that I have said before. In spite of the great parliamentary majority of the Alliance for Macedonia, we made great efforts to include the PDP [Party for Democratic Prosperity] in the government coalition and this speaks not about a desire for power, but a political view. This political view is that the only place where arguments and solutions can be faced is in the institutions of the system. This means that the political representatives of the Albanians in Macedonia should participate in the legislature and the executive.

Walking out of the institutions of the system can be dangerous. In such a case there would no longer be the opportunity for people to hear one another in the appropriate place, that is, in parliament and government. This does not mean that we shall always agree and that we shall always reach a common view, but we shall have occasion to listen to one another and to present our arguments. If the dialogue is halted, then another variant appears: There comes total separation and ghettoization and nobody can say that this would be good for the stability of Macedonia. That is why I personally believe that I am not the only one who is concerned that joint work within the institutions of the system should also involve the representatives of the Albanians. Not to be present within the institutions of the system is a danger to both sides.

Policy of Sitting on Two Chairs

[NOVA MAKEDONIJA] How much is the prime minister handicapped because there is no strong opposition or control over power in conformity with the principles of parliamentary democracy?

[Crvenkovski] From the aspect of building parliamentary democracy it would be really useful if we had a constructive opposition in parliament. Not only as a corrector of those in power, but also for the creation of the essential contest between ideas that is vital to parliamentary democracy. But we know what happened and I do not know whether the parties that decided to boycott the second round of the elections are aware of their responsibility in doing this in terms of their voters and the democratic processes in the state in general.

The most important thing in this situation is for the parties of the government majority to become aware of their responsibility, to step firmly on the ground, and to find mechanisms of self-regulation.

The present comparisons with European standards can help a lot, regardless of the question of social order. This means open government and an openness toward the public at large.

[NOVA MAKEDONIJA] With some of its actions the Liberal Party [LP] has announced itself as a corrector within the government or some kind sort of opposition. How do you explain the permanent disagreement between the SDSM [Social Democratic Alliance of Macedonia] and the LP, after they worked in harmony during the elections?

[Crvenkovski] To be honest, I cannot understand, let alone justify, a policy of sitting on two chairs or a policy of "something in between." Ultimately, I do not believe that such a policy pays off in the long run. It might produce results at certain stages, for instance in day-to-day policy, but it certainly leads toward a loss of identity over a longer period. For instance, it may today be necessary to distance oneself from policy decisions, but if results come tomorrow, one can then share the success because one was in power. But if things do not work out well, then one can say that one had opposed that policy. Whether or not the LP has chosen this approach, I cannot say. I would prefer not to make judgments on the basis of individual examples or statements.

My personal belief, which I think prevails within the SDSM, is that our basic preoccupation is with the functioning of our own party. It is always better if others can be pressured by you instead of the other way round.

[NOVA MAKEDONIJA] There are rumors that the SDSM is driven by profound disagreements and even that there are factions.

[Crvenkovski] Unfortunately for all those who desire such a thing I can say that this time, too, as has been the case so many times before, time will prove the opposite. After every period of rumors of this kind, the SDSM has emerged stronger and more powerful. The same will happen at our forthcoming congress. The SDSM is strong enough not only to endure, but also to foster and promote different opinions and views within its own ranks. I think that we are the only political party in Macedonia with this characteristic.

Actually, I have nothing to say to all those who doubt my words but to wait for the outcome of the forthcoming congress.

[NOVA MAKEDONIJA] Will the prime minister remain at the head of the SDSM?

[Crvenkovski] This will be decided at the party congress.

[NOVA MAKEDONIJA] What are the ambitions of the present SDSM leader in this respect?

[Crvenkovski] When I accepted the leadership of the party four years ago, I said that my intention was to create a powerful long-lasting party together with the people around me. A large part of this promise has already been accomplished, but there is a part that I have not yet accomplished.

[NOVA MAKEDONIJA] Has the Hard Rock affair [an incident in a discotheque] been solved within the party and how true it is that the SDSM and the present authorities had influence on this case not being taken to court?

[Crvenkovski] From the outset we have said that the institutions of the system must do their work without any outside pressure. I can say that the Interior Ministry did its work and the charges were filed as quickly as possible. The court is something upon which the government does not and should not have any influence.

I personally am hoping for an early verdict on this case, which is so often mentioned because some have their own political reasons for doing so.

It is true that some individuals were not sufficiently engaged in the election campaign and we cannot run away from this fact. We cannot run away as the Alliance for Macedonia no matter who in the Alliance wants to run away from the whole matter, even though we had a joint campaign, a joint policy, a joint list, headquarters, security, and so on. It was simply a campaign in which we shared both the good and the bad. There cannot be a partnership in which success is shared and failures separate.

Prime Minister Views Economic Program

AU0203185495 Skopje NOVA MAKEDONIJA in Macedonian 2 Mar 95 p 2

[Address by Prime Minister Branko Crvenkovski to Assembly in Skopje: "The Implementation of the Program Requires a Bigger Consensus"]

[FBIS Translated Text] First of all, allow me to reveal the government's motives for suggesting a special session of this type to the Assembly.

The government is putting the final touches to this year's economic plan of action.

The two main characteristics of this program are as follows:

First, stabilization as an element of continuity, and

Second, realization of key reforms in the economic and financial spheres.

With financial support as our aim, this plan was presented to the IMF delegation and the World Bank for Reconstruction and Development.

Both institutions assessed that the agreement implemented in 1994 has been fully accomplished and that the results in some areas are even better than had been expected.

The program that the government is proposing represents a solid basis for starting negotiations on signing a contingency arrangement with the IMF and financial support for structural changes from the World Bank.

After a few months of negotiations and discussions, we have arrived at the final version of the program, which was evaluated as sufficiently consistent and effective in meeting the strict criteria of the contingency fund. This means that the general program we are going to present to you today has already been verified by the delegations of the two most eminent and competent international institutions. This can be, but of course is not necessarily, a guarantee of its quality. However, the bigger guarantee is their readiness to provide financial support for the implementation of this program.

Government Efficiency

Of course, it is one thing to prepare and put a program on paper and another thing, incomparably more difficult, to implement in practice. Actually, I believe that later on, after you have listened to the sum and character of the anticipated measures, you will agree that, in order to implement successfully such great and important reforms it is necessary, but not enough in itself, to have a committed and efficient executive branch, of course, but also a much greater consensus, full communication, and coordination between a range of institutions and subjects in the state.

The experience of other states shows that the success of reforms is directly dependent on the amount of support they are given.

The Government of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia] believes that it is imperative to present the program to the Macedonian Assembly and the entire Macedonian public in requesting wide-based support for its implementation.

We expect from you, representatives of the Macedonian parliament, not only your support for this transition plan, but also your promptness in assuming the imminent responsibilities associated with legislation during this period.

Reforms are the fate of Central and Eastern Europe. All the former socialist states without exception have been faced with them, except perhaps those that are waging a war and where it is impossible to talk about civilizing, let alone economic laws. Regardless of the starting positions of some of the states, and depending on development, the level of international support, and political provenance of the current governments, they all opt for economic reforms.

A common attribute of this process relates to problems such as fall in production, rising unemployment, and powerful social tensions. The success of the reforms will depend on the financial support that leads all these states to cooperate with international financial institutions, that is to say primarily the IMF and the World Bank.

Let me summarize this part:

First, the reforms are unavoidable and there are no other alternatives.

Second, the reforms must pay their social price.

Third, we and not the international financial institutions need to cooperate with the IMF and the World Bank.

Financial Support Has Been Provided

I would like to reply to some frequently mentioned public statements such as: We do not need privatization, or what are these reforms if they leave the people without employment, or for instance, who are the IMF or World Bank anyway, telling us what to do. We are now on a one-way street that we must walk to the end. Nostalgia for the old system is not an alternative. Moreover, if we prolong or give up reforms it does not mean that we will avoid paying the social price. It may be somewhat postponed but it will certainly have to be paid eventually, although then it will be aimless and in vain.

This package of measures will require complex and synchronized action in several sectors. These are the most important ones:

One set of measures has to do with monetary and fiscal policy, and market controls, in other words it is a group of measures that provides elements of stabilization.

One of the most important goals to be achieved in 1995 is 18 percent inflation. I cannot stress the importance of this enough.

Furthermore, it is necessary to increase hard currency reserves in the National Bank of Macedonia to around $60 million, which is equal to eight weeks of imports.

The rate of the domestic currency must remain at the present stable level throughout 1995.

We should eliminate the Budget deficit and, toward the middle of the year, the income and expenditure of the pension security fund should be balanced.

The second package of measures is connected with the accomplishment of the structural changes. I would like to divide these into two main segments: Privatization and the revitalization of the banking system.

With privatization, in addition to the intensification of the process of transformation of enterprises of state capital, there is a particular area related to the restructuring of the group of 25 companies that are the main loss-makers and to the sale of public locales.

In the part of the package that deals with the banking system, there are two levels of measures:

One level is the privatization of the banks by removing their balances and by the state's assumption of frozen currency deposits and currency loans that are approved by the Paris Club.

The second level involves the restructuring and privatization of the Commercial Bank.

The third package of measures should facilitate the regulation or begin the regulation of our relationships with the Paris Club, the IFS [expansion not known], the European Investment Bank, Eurofima, and the European Development Fund.

The fourth package regards the sphere of the legal framework, and I will separate it into two levels: The adoption of laws that will put in place the frameworks of the new system that we are constructing, such as the law on trading companies, the law on public enterprises, the law on denationalization, and some other laws, while the second level refers to changes in the present legal acts.

The fifth segment of this program is to provide financial support for its implementation. So far we have provided a credit of $85 million from the World Bank and an additional $14 million to support the social policy, as well as around $100 million in other credits for the road infrastructure, for farming, for support to the private sector, and for small businessmen.

Activities to secure further finances from donors will continue.

Deputy Minister Posts Still Unfilled

95P20535A Skopje VECER in Macedonian 10 Feb 95 p 3

[Article by S. Kramarska: "The Government's Team of Deputy Ministers Is Still Unknown: The Cabinet Is Silent While the Parties Make Combinations"]

[FBIS Translated Text] *In nine out of 15 ministries, the ministers have found deputies from the previous government, but six slots are empty. While no one in the government talks about this problem, the parties have already organized their "cadre lists."*

The difficulties surrounding the composition of ministerial lists have truly so preoccupied Prime Minister Crvenkovski that he has not "contemplated" the choice of deputy ministers. There is no official information, but according to the empty explanation that could be obtained, in this situation deadlines are not contemplated, and the current deputy ministers who received their appointments from the previous government are carrying out their duties and have successfully oriented themselves to the new "bosses."

Meanwhile, however, with the coming of new leaders, people in some of the ministries are getting interesting combinations.

The Situation

At the Ministry of Justice, where the first man is Social Democrat Vlado Popovski, the deputy is Bardyl Kuka of the PDP [ethnic Albanian Party for Democratic Prosperity]. Jane Miljovski, who is also from the Social Democratic Alliance of Macedonia (SDSM), is assisted in the Ministry of Finance by the Socialist Hari Kostov. At the Ministry of the Economy, Risto Ivanov, who is a Liberal, is teamed with Tome Cemerski of the SDSM. The Liberals have their adjutant at the Ministry of

Development, Spase Lazarevski, who is a deputy minister for Beqir Zuta [PDP member]. And the Minister of Education Emilija Simoska of the SDSM has as her first assistant a man from the PDP, Hasan Jasari, who was a deputy minister in the previous government.

The opposite is true at the Ministry of Labor and Social Policy, where the old team continues to work: Iljaz Sabriu and Blagoja Petrusevski of the PDP and the SDSM, respectively. The ministries of science and of culture, with their respective ministers, Sofija Todorova of the SDSM and Estref Aliu of the PDP, have the assigned deputies Vladimir Ortakovski and Zlatko Teodosievski, both of whom are Liberals. And let us not forget another pair: Social Democrat Ljubomir Frckovski and his deputy, the Liberal Kiril Sarevski, in one of the most prestigious and key arenas—the Ministry of Internal Affairs.

In this old-new situation, it may be noted that the unfilled deputy positions remain in certain ministries. This is especially true at the Ministry of Foreign Affairs, where the empty place dates from the previous government and is the product of an unaccomplished political agreement. In a similar vein, at the crucially important Ministry of Defense, the deputy minister, Nazim Maliqi [PDP], left to be in parliament. From the government side, another one moved to the parliament, namely, Sande Dzambazovski, former deputy minister of agriculture, forestry, and water resources [and SDSM member].

Unfilled deputy positions in three ministries have their own "histories." In the case of the Ministry of Health, it was the "paramilitary" case [ethnic Albanian attempt to create separate armed force] where a leading actor was [PDP member] Imer Imeri, a deputy minister at the time, who subsequently "disappeared." The Ministry of Transportation, Communication, Urban Planning, Construction, and Environmental Protection earlier had one deputy minister, Jorgo Sundovski, who is now a minister [of Urban Planning and Construction] and also a Social Democrat. He had jurisdiction over the larger ministry after his party colleague, Antoni Pesev, resigned.

Combinations

What are the parties in power saying now? First, the market [probably of positions] should be enlarged, but they find it is surprising that a signal to commence the [bargaining] process has not been sent from government headquarters. According to all indications, disagreements will break out first at the Ministry of Foreign Affairs because the PDP maintains that the deputy position is theirs, but the SDSM also claims it. On the other hand, the Liberal Party is also claiming it on the basis of its demand to have the deputy ministership where it has the minister [Foreign Minister Stevo Crvenkovski is a Liberal].

At the Ministry of Internal Affairs, there are competing demands among the existing cadre—Kiril Sarevski, Slobodan Bogoevski, and Dame Djurev—about the appointment of director of the [newly created] Intelligence Agency as well as about the question of the deputy minister. The Socialists, who are boasting about some written guarantees from the prime minister to the effect that they would be given three deputy posts, could be debating whether to leave Hari Kostov in the Ministry of Finance. Dr. Mihail Levenski, who was in their combination for minister of health, could be swapped for the deputy position. Thus, there is speculation that Tome Cemerski, deputy minister of the economy, almost certainly will be replaced by a Liberal.

So, in a total of 15 government ministries, (three other ministers have no portfolios and one is for information), six are without deputy ministers and nine have "incumbents" from the previous cabinet. The unfilled offices are in: foreign affairs; defense; agriculture, forestry, and water resources; health; transportation and communications; and urban planning, construction, and environmental protection. The procedure in this circumstance is the same as it is for the cabinet, that is, the prime minister proposes a list that goes to the parliament for "ratification."

Two 'Sensitive' Questions With Italy Remain

AU0203165895 Ljubljana Radio Slovenia Network in Slovene 1430 GMT 2 Mar 95

[Report by Jure Pengov from Rome]

[FBIS Translated Text] Whether the statement about a deadlock in the Slovene-Italian negotiations by Italian Foreign Minister Susanna Agnelli was timed as an additional pressure to make the Slovenes yield is not important right now. What matters is that the dialogue between the diplomacies continues in the remaining few hours. Yesterday afternoon, Foreign Minister Zoran Thaler spoke with Minister Agnelli over the telephone, however, he encountered a cold reception. In the evening, plenipotentiaries in the third round of talks in Strmol Castle allegedly accomplished progress and supposedly also coordinated a press released with which they were to address the public for the first time. However, according to our information, they could not agree on certain formulations in it.

We have found out that additional talks between the foreign ministries are underway, that some new proposals are in the air; all in all, that both sides continue to show willingness to sign an agreement that would give Slovenia a go ahead sign in Brussels on Monday.

As we heard yesterday, that is, before the meeting of the plenipotentiaries in Strmol, differences remain regarding the two most sensitive questions. The Italian side is not willing to negotiate an agreement, that is, a pledge to the Slovene side to protect the Slovene minority in Italy, while the Slovene side did not reveal in the talks the manner in which it intends to realize Thaler's announced humane approach in the management of the seized property of the former refugees.

Let us remind you of the ministers' decision in Essen last year that Slovenia should be allowed to begin the negotiations in the first half of this year. Because Dini's government has only another 30 days of life following the latest political agreement in Rome, the Essen decision could probably only be realized next Monday.

Expert Views Privatization, Monetary Policy

95BA0134B Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 30 Jan 95 pp 42-44

[Interview with Joze Mencinger, director of the Economic Institute of the School of Law at Ljubljana University, member of the Board of Directors of the Bank of Slovenia, professor in the Law School at Ljubljana University, and columnist of DELO in Ljubljana, by Zmago Herman; place and date not given: "From Foreigners—Only the Market and Technology"]

[FBIS Translated Text] [Herman] At the macro level, the main economic parameters indicate that the negative trend has come to an end in Slovenia. That is, in the middle of last year, when the "bottom" was reached, a positive phase began that is persisting more or less even today. Is this, in your opinion, the end of the recession in Slovenia?

[Mencinger] Slovenia actually passed very quickly through the "transformation-related depression." For many years in the past the Slovene economy has not been limited by supply, but this was an economy limited by demand. After several critical months, in late 1991, all restrictions on the supply side disappeared for all practical purposes. Economic growth in mid-1993 was initiated by increased demand on the domestic market, which at the same time was accompanied by the beginning of better economic conditions in West Europe. It was because of the structural characteristics that this carried over very quickly to the Slovene economy. The situation at the moment is some kind of "transformation-related overheating." That is, some parts of the economy are unable to satisfy demand, while others are languishing, because there is no demand for their products, and it is most likely that there will not be any longer. This applies above all to the production of capital goods.

[Herman] What are the main economic parameters or sectors pulling the Slovene economy forward? And in which ones have problems arisen initiated by the secession?

[Mencinger] The Slovene economy is too small to be divided into sectors or industries. Often one factory is a sector in itself and in some cases can be divided into two industries. Because of the small market, Slovene industry exports no less than 90 percent of its products. In the entire economy, incidentally, exports of goods and services comprise more than 60 percent of the gross national product. The locomotives are enterprises that can quickly adapt to a new situation, independently of what has brought it about. In most cases because they were connected in one way or another even earlier with foreign firms, and others because they were selling their goods on foreign markets even earlier. These are certainly firms that did not bother much about politics in the past, and so politics did not influence their development. It is for that reason that many firms in the earlier period knew about "hard budget constraints" [preceding words in English]. That is why it is not unusual for these firms to be in peripheral regions. In those places, the workers have been more firmly tied to "their own firms," and in addition they had "one foot" on the soil, and self-management really did work, because the politicians were far away in Ljubljana.

Probably some firms even had direct benefit from the actual secession, because they no longer had competition from cheaper goods from the former republics, but there were not many of them. The biggest problems arose in firms that were producing capital goods, above all for the former Yugoslav markets, and they were located in the major cities. The Maribor firms were in a special position because large firms were concentrated there, and when Slovenia became independent, their products became products of "pure socialist production," to borrow a term from former Polish Finance Minister Balzerowicz, which never would be marketable to anyone again.

[Herman] If we go back to the economic situation at the moment, the conclusion can be drawn that at the macroeconomic level all the main parameters are positive, but in the October issue of PRIVREDNA KRETANJA, which your institute publishes, it says that production has been declining for the second month now, that inventories are growing, while employment is dropping, but paychecks are again increasing after the summer "slumber." Is this only a seasonal deterioration, or is this the first sign of a domestic market recession?

[Mencinger] Yes, industrial production, measured in terms of the impulse trend, did decline for three months, from August to October. This obviously was a consequence of the smaller demand in the summer months, but since September it has been growing again. The annual growth of industrial production, in spite of that slowdown, will be high, about 8 percent, which in part will also be the result of the very rapid growth in the second half of 1993. Most likely because of the good market conditions in Europe, we can expect a further growth in 1995 as well.

The greatest long-term problem of the Slovene economy is really gross wages and salaries, because almost all social welfare transfers and most taxes are related to that. For the present, so long as economic conditions in Europe are on the rise, we can still get along, but over the long haul Slovenia will not be able to compete with an average net monthly paycheck of 750-800 German marks [DM], which in gross terms represents DM1,500-1,600.

[Herman] What is your opinion about the criticism that the favorable economic trends up to now are not a reflection of structural change, but the result of increased demand at home and on foreign markets?

[Mencinger] The very good macroeconomic developments at present are actually the result of demand, which need not be a criticism, because there is no reason whatsoever not to take advantage of good economic conditions when they exist. It is true that it can lull the economy to sleep and that structural changes at the moment are insufficient. In other words, it can be said that the microeconomic foundations are still weak. I attribute most of the blame to the method of privatization, which has become a political football. That is, the slowness with which it has been carried out, precisely because of the unclear rules and constant incursion from politics, has generated uncertainty, which naturally does not strengthen investment demand, without which there are no structural changes.

[Herman] You are also a member of the Board of Directors of the Bank of Slovenia. The restrictive monetary policy of the independent central bank is, on the one hand, protecting the stability of the national currency and the financial system, while on the other it is also responsible for economic development. Above all because there is still inflationary pressure. The situation is relatively stable at home, but the World Bank is also here, monitoring and furnishing advice, but in whose interest?

[Mencinger] Yes, when I resigned my ministerial post, along with Dr. Marko Kranjac, finance minister at the time, I did join the Bank of Slovenia. In essence, along with others we first of all prepared almost everything necessary to adopt the Slovene currency. I am proud of that to this day, because it turned out that we made very few mistakes in a situation of utter political uncertainty. Fortunately, even then we were not heeding foreign advisers and the Slovene Government at the time.

The Bank of Slovenia is above all an independent institution. Because of a mix of circumstances related to its birth and the membership of the board of directors, because they also include Professor Ribnikar and Bolc, I think it is even much more independent than the German Bundesbank. When it was formed, we managed to avoid the foreign advisers; we did everything our own way. We are accountable only to parliament, but only for the success of general monetary policy, and we are completely independent in carrying out measures. We have no monitoring by the World Bank or the IMF. When their experts come, we patiently receive them, because Slovenia is a member of the World Bank and the IMF. It is also true that these institutions are now sending good specialists, who do not impose their views "by force." Everything has been arranged the way we ourselves wanted it, and we do not have to have help from any international institutions. Incidentally, I am personally allergic to what is referred to as foreign technical aid, which is because of my own experience in carrying out the process of privatization.

Monetary policy is not as restrictive as is sometimes thought anyway. There are several reasons. The bank's board of directors is conservative and does not believe in "shock therapy" and psychological tricks. We are all convinced gradualists, and that is why we are carrying out a moderately restrictive monetary policy. Financial rescue of part of the banking system, whose liquidity the Bank of Slovenia guarantees, is also important to that decision. Incidentally, the instruments used by the Bank of Slovenia are also undergoing slow change. At the moment, the main instruments are control of the money supply, open-market operations, which perhaps may sound strange, to weaken the tolar, which is too strong.

A few years ago, I could not even have imagined that excessively large holdings of foreign exchange would be the main problem of monetary policy. When we were building the new monetary system, I was always worried by the shortage of foreign exchange, but now we have been working to sterilize the surplus for a year. The relative size of the problem is indicated by the datum that Slovenia possesses $2.5 billion in foreign exchange, while the money supply is only $1 billion.

[Herman] From what certain economists say, every reform needs to be based above all on a development strategy. Does Slovenia even have one?

[Mencinger] I fear development strategies most of all. Slovenia is, in fact, preparing one, but I feel it would do no harm if it did not have one. Slovenia's only possibility is to have the most flexible possible economy, and the only market it has is West Europe; we have to produce what we can sell there, not what we would like to produce. The essential thing is to have a good and simple economic system and also an adaptable economic policy. Such a strategy does not require much paper; it is all self-evident.

[Herman] Immediately after World War II, some economists say, Slovenia was developing without the help of foreign investments. Is an injection of foreign capital really necessary today, and how open to it is Slovenia? After all, the essential question arises, in the opinion of some, that the citizens of Slovenia will be workers and peasants, but the economy will not be Slovene. What is your position concerning such opinions?

[Mencinger] At the moment Slovenia does not need foreign investments to get foreign capital. It has too much of it; Slovenia is an exporter of capital. The inflow even now is causing some kind of "Dutch disease," because it is strengthening the tolar, and that is causing problems to exporters. So, at least for now, Slovenia does not need direct foreign investments that would be coming because of the domestic market. Because the market is small and there are not so many of them. Slovenia needs investors who bring with them foreign markets and new technology. There are not many of them either, because manpower is too expensive. I do not know whether that will always be the case, but it is now. Incidentally, in all the East European countries they have been too carried away with foreign investments. After all, they do not solve anything, as indicated by the example of Hungary, which sold to foreigners all the "family silver" and found itself with still greater problems.

It is hard to say to what extent the Slovene economy will really be Slovene. We have to realize that we lost some of our economic independence by gaining political independence. Or, in other words, in Yugoslavia we were a big fish in a little pond, while in Europe we are a little fish in a big pond. It is certain that in the future there will be rare products that will be stamped "Made in Slovenia," because most of the factories will mainly be producing components for production all over the globe. And that cannot be avoided.

[Herman] Because the level of Slovene competitiveness was equal to foreign competitiveness up to 1980, we now have a new period of proving ourselves and opening up new market niches with new quality. We are no longer hearing anything about big systems, and, say certain analysts, very few of them will survive. We will refer to concerns like Litostroj, TAM, Iskra, Gorenje...as rare birds. The emphasis is on a small-scale economy. What, in your opinion, will the Slovene economy be like in a few years?

[Mencinger] It is hard to say how many small and how many large ones there should be, because even our big ones are small for the rest of the world. I agree with you that there will not be many corporations in Slovenia and that the structure of the Slovene economy will be different in five years than it is now. I do not know what it will be, and I hope that no one else knows, because that would smack of sectoral strategy. TAM will most likely not be around anymore, unless it is making components for someone else's truck; Iskra has more or less "fallen apart" into several factories, among which there are some successful firms. Not much is heard about Gorenje, which most likely means that it is doing well, and Litostroj will perhaps survive, but, again, it will be considerably smaller and different than it has been.

[Box, p 44]

[Herman] One of the biggest projects was privatization. Various world experts have been acting as brokers over the length and breadth of East Europe. Sachs often was a guest in Slovenia as well. Can it be said of Slovenia that it has its specific features with respect to transition, additional capitalization, and the restructuring of socialized property?

[Mencinger] Privatization is, in my opinion, one big demolition derby throughout East Europe. Because it is a question of creating capitalism by decree, and the differing models are the result of Western "experts in privatization" chosen at random and unscrupulous domestic politicians. The emphasis was mainly on political objectives, that is, the fight for power and economic strength of the new and old political elite. The basic objective, which was to increase efficiency, was forgotten long ago. It is also forgotten that private property is only a necessary, but not sufficient, cause for efficiency and that privatization on paper brings nothing.

Slovenia did not escape conflicts over privatization. When the government rejected the Mencinger Project in the spring of 1991 and proposed to parliament the Sachs Project, a stalemate occurred that lasted until November 1992. Then a compromise law was adopted, which only last year began to be carried out. I think that that slowness was, in fact, beneficial, because it became possible to avoid many technical mistakes. In the crisis related to the secession, the socialist firms with "internal owners" were still to some extent successful. This confirms that it is important above all to have the right macroeconomic environment and a good economic system. Then ownership is less important.

As matters now stand, in most of the smaller successful firms the employees will predominate as owners, while in the large successful firms there will be a combination of employee-owners and external owners, and in the rest various funds will be the majority owners. That is, they will have 40 percent of the stock in those firms, and that stock will be distributed to the population.

The macroeconomic effects of privatization will unfortunately be negative, because the external owners will mainly be owners who will spend up those firms, and the combination of external and internal owners will also be under a question mark. I feel that internal owners are still best under these circumstances. I personally believe and have always felt that privatization should occur slowly, should be governed by clear rules, and should be accompanied by additional capitalization, which also facilitates modernization and restructuring, but by no means should this be done through a universal distribution.

[Box, p 44]

[Herman] In a meeting between Arhar and Avramovic, a desire for cooperation was expressed on both sides. Perhaps the businessmen will travel in the wake of the bankers.... Still, what are the prospects of that unclear situation inherited when the former state disintegrated?

[Mencinger] If relations were arranged by ordinary people instead of unscrupulous politicians, above all by businessmen, the problems that accumulated in the former Yugoslavia would not have occurred. We would have peacefully parted ways when we found that life together was harmful to us. The politicians who for many years before that had crammed "brotherhood and unity" and equal interests down our throat, instead of recognizing the difference of interests, at least as economists, generated and took advantage of nationalism and caused all the horrors, which the Slovenes avoided in good time. Above all because Slovenia did not have a "glorious history" and was thinking more about the future than the past.

I personally did not look upon our former life in Yugoslavia the way a majority of Slovene politicians did, because they are much like those on the other side, be they Croat or Serb, saying that others took advantage of them. Slovenia's independence was for me a way out imposed by necessity, when it became obvious that it would not be possible to achieve a normal economic system in Yugoslavia, which naturally also meant a sound economic policy. The differences were obviously great, and all of Yugoslavia was already threatened by political chaos.

Now we should forget Yugoslavia; it no longer exists for Slovenia, and it will not exist in any foreseeable future. If someone wants to use that name, let them use it, and for us in Slovenia to talk about the so-called Yugoslavia seems stupid to me. I can say that out of normal selfishness and realism I am still interested in the former Yugoslav markets. And we have to realize in this connection that these are completely different markets than they once were. When the nationalistic madness and killing is over, we will be doing business with impoverished countries. I, of course, advocate honest trade and cooperation the same as with all others and normal resolution of the problem of "the legacy."

Federal

Foreign Ministry Sends Protest to U.S. Embassy

LD0203153095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1427 GMT 2 Mar 95

[FBIS Translated Text] Belgrade, 2 Mar (TANJUG)—Nikola Cicanovic, assistant minister in the Federal Ministry of Foreign Affairs, handed a written protest note to R. Perina, charge d'affaires of the U.S. Embassy in Belgrade, in connection with a State Department report on human rights in the FRY [Federal Republic of Yugoslavia] in 1994. The protest note stresses that the report represents the continuation of the policy of double standards and pressure on the FRY, which, despite the most intense sanctions which have included suspension from the United Nations and the Organization for Security and Cooperation in Europe, has succeeded in preserving its orientation toward the comprehensive development of democracy and securing a level of the protection of human and civil rights which transcends international standards and demands relating to national minorities, the Federal Ministry of Foreign Affairs announced.

In this context allegations in the above report of the alleged violation of human and especially minority rights in the FRY are rejected as arbitrary and unfounded. It was said that one-sided, malicious allegations and assessments are designed to discredit the constitutional institutions of the system and the legitimately and democratically elected representatives of the authorities. In this connection it is concluded that the publication of such reports in essence represents support for those advocating the punishment, isolation, and destabilization of the FRY and for separatist forces in the country which are threatening its territorial integrity; this, objectively, runs counter to the interests of both sides to renew good relations and cooperation between the FRY and the United States.

It was assessed in the talks that the continuation of mutual dialogue on these issues could be beneficial for obtaining the most objective picture possible of the state of human rights in the FRY.

Owner of NASA BORBA Interviewed

95BA0150A Belgrade NIN in Serbo-Croatian 3 Feb 95 pp 22-23

[Interview with Dusan Mijic, publisher and owner of NASA BORBA, by Svetlana Djurdjevic-Lukic on 30 January; place not given: "I Do Not Like Defeat"]

[FBIS Translated Text] *Dusan Mijic, agronomist by education, owner of Finagra, Fininvest, and a number of export-import firms in Europe, has in recent years been well known as the largest shareholder in Borba d.d. [joint-stock company] and for a time its managing director. Although some people have questioned his real interest in the independent media (suspecting that his real objective is to own the BORBA building), even after that joint-stock company was liquidated, most of the employees supported him in establishing NASA BORBA, of which he would be the publisher and owner. We began the interview with questions about why there was an interruption in publication of that daily and what was going to happen in the future.*

[Mijic] NASA BORBA commences on Wednesday, 1 February, when the first issue comes out (this interview was conducted on Monday, 30 January—editor's note), that is, we are going to say that this is Year 73, new series, No. 1. We planned for that to be last Friday, i.e., on Saturday there would be a double issue; however, the truck carrying the paper arrived late because of minor problems in crossing the border.

The main reason the newspaper was not published was that at one point this became absurd—we expended all our energy and strength to publish those several thousand copies, and for all practical purposes we were working for ourselves. Then we gave up and began to work out things more seriously. First, we got the paper, that is a precondition, and after that we concluded contracts with distributors. We have not done so yet with the company Politika, but you know how it is: When you are accepted by several distributors, then you will be accepted by all, because there are no economic grounds now for them to reject something that exists, something that the ministry has approved, on which you can take the discount and then sell it. At the same time, you know that BORBA costs 1 dinar, while other newspapers cost 30 paras. So, a larger earning per copy.

Another thing is whether we will be able, how long we will be able, and how we will be able to maintain our supply of newsprint. That is, I offered Matroz compensation for the importation of paper pulp instead of paper. They showed no interest in this.

So, we have secured newsprint for ourselves to last one month at a reduced circulation or 15-20 days at normal circulation. If the market gobbles up more, we hope to strengthen our supply of newsprint (and, of course, we are working on it now).

[Djurdjevic-Lukic] One hears, however, that there is dissatisfaction among the journalists, that they have not been getting their pay, and that many are ready to leave. Also, that there is a certain dissatisfaction because of the acceptance of foreign aid, and for that reason the employees have organized themselves as an association of citizens to protect the professional and managerial rights of journalists of the former BORBA, so that the aid money would go into their collection account, not yours. But that association was blocked. What kind of working conditions are you actually offering those journalists, and what managerial and ownership rights will they have in NASA BORBA?

[Mijic] At the time of establishment, that is, when the journalists from BORBA came over to Fininvest, we adopted bylaws whereby I as the founder gave the editorial staff one-third as a share in management and the right to acquire another third. In my opinion, that was a gesture of both attention to and understanding of the editorial staff's need to control the operation of Fininvest, that is, of NASA BORBA. As for establishing the association of the group of citizens, that is not possible under our bylaws. I understand the people on the editorial staff. People are frightened and they are making moves with the best intentions. However, I must say that there are perhaps a few people who want to splinter this unity that has formed in the last month between me as the owner of Fininvest and the editorial staff. I think that even the journalists themselves have backed off from that and that this has been deferred for a certain lengthy period of time.

As for the aid itself, nothing can be concealed from the journalists, that is, from their representatives on the board of directors, so that that form of facilitating control is unnecessary. I knew that I would not be making money here, but I also refuse to be left with losses when someone is getting help. That is not tolerable; business policy cannot be conducted in two directions.

[Djurdjevic-Lukic] You mentioned 1991. How is it that someone who was unknown to the general public could become the largest stockholder of Borba anyway?

[Mijic] You see, in 1991 I was at a crossroads: either to really give up business because I was financially secure and to simply live like a pensioner, or to tackle something in which a man would have to show what he could do creatively.

[Djurdjevic-Lukic] Then you became acting managing director of Borba d.d....

[Mijic] My reason for becoming managing director is very simple: The money was gone, the founding capital had been eaten up. There was nothing, and money had to be given once again for something, and you would not have control. If I was to give money again, then I was also going to control what it would be spent for, so that my position would be evident relative to the claims outstanding against Borba d.d. Which means that I would have claims under the loans that I gave, I would have claims on the basis of the shares I paid for and which I owned. Aside from all that, I granted the credits. When I took the post of managing director, the first thing I called for was for the board of directors to verify if this product was a real loss, and please let us put a stop to it. It never occurred to me to stop it, but I did not want anyone charging me in the future with having created the losses by taking a commission so that the newspaper was not profitable. Among other things, the state said: No, the newspaper should come out, we will show solidarity and share in covering the losses. No one gave anything to cover the losses!

[Djurdjevic-Lukic] The report of the Settlement Agency speaks about a number of breaches in Borba d.d. For example, that in the fall of 1991 you subscribed for shares for which you paid only in May 1992, that the money you paid in for the shares you took back again as a loan the very next day....

[Mijic] I subscribed for the shares in May 1992 and paid for them in May 1992. It is not true that I subscribed in 1991 and paid in 1992. There has been enough manipulation with that. Dusan Mijic paid for his shares in Borba d.d. Now what is that enterprise and that managing director supposed to do in a time of inflation? Keep the money in an account so that it goes to ruin, or should it be converted to other assets, invested in a bank or some other enterprise? I naturally asked what we should do with those assets, and they said that they should be invested. I asked—At what rate of interest? They told me, and I said that I was interested in borrowing that money—and they lent it to me. No one, of course, is writing that we paid interest on that and essentially returned more than 200 percent more. Borba d.d. collected the interest on the funds which it loaned to certain firms. And it does not matter to whom that firm belonged; the essential thing is whether the rate of interest was real. The Social Accounting Service did not, of course, write that.

[Djurdjevic-Lukic] There are several other details that can be disputed in that report: that the founder's share, the number of shares, and their value were changed by a decision of the managing director rather than the assembly of stockholders; and then that the business space on the ground floor of the BORBA building was let to Trgovacka Banka free of charge during certain periods, that that bank was allowed to charge as the costs of adaptation the purchase of greenery, uniforms, and the like, and then that there are no records of the money invested in or of the earnings realized from the international edition of BORBA.

[Mijic] When that report arrived, I called up the Settlement Agency and asked for an extension of the period for response. We prepared to answer every item there. A solid team of people concerned with these things was put together so that we could see whether we had really made a mistake. And if we had made a mistake in bookkeeping, to correct it. But we did not make a mistake as far as business is concerned, at least as far as I know. Or no serious mistake. Of course, there are always certain oversights, and, of course, I would now do some things differently, but certainly there were no serious oversights here.

[Djurdjevic-Lukic] Which means, you are saying, that Borba d.d. was not damaged by the contract with Trgovacka Bank nor by that international edition?

[Mijic] Which Borba d.d.? Of what does Borba d.d. consist? The owners of Borba d.d. are the stockholders who govern it. One of the stockholders is Trgovacka Banka, one is Dusan Mijic, one is C Market, and the employees, and then the Tobacco Combine, and finally the Assembly of Yugoslavia. None of them has complained. Perhaps certain other entities have complained because they wanted to stir up something.

[Djurdjevic-Lukic] There were some disagreements in cooperation with Boris Vukobrat and with the Soros Foundation in Yugoslavia.

[Mijic] There were no disagreements with Boris Vukobrat. I personally have had business discussions with him on two occasions that did not end in an agreement. That does not mean that we had disagreements.

As for the Soros Foundation, I must say that the work of that foundation is really praiseworthy and admirable. First of all because of the humanitarian aid, and then because of various scholarships and all that it is doing, and that would, of course, also include the aid to the media. However, a distinction should be made between the foundation and its intentions on the one hand, and relationships between individuals in BORBA and the foundation.

I am not a man who has to solve the problem of my child, the problem of a trip to New York or Brussels, I pay for that myself, and I do not have to beg any of the bureaucrats or to curry their favor. If there is no aid, there is no aid, and if there is aid, then it will be under the kind of conditions we give. After all, even in the case of aid there have to be two parties. If someone wants to help, then I have to be willing to accept that aid, and, of course, also the conditions under which I accept must be appropriate.

[Djurdjevic-Lukic] Is it true that you were in prison at one time?

[Mijic] It is indeed! That cannot be concealed. I was in Pretrial Custody Prison for five months for unethical business practices and use of influence to urge acceptance of a harmful contract. The ones who concluded that harmful contract were not in prison. But even while I was in prison, no one said to me that I had taken money for myself. There was a political mess at that time, there was a change of the political leadership of Vojvodina, and the advocates of autonomy lost power.... When the general director of my enterprise died, I was released immediately after the funeral. It was sour for a while after that, and then the dust settled on the political scene, and then the prosecutor dropped the whole thing. The upshot of it all was that when they asked me in the court if I had been convicted of a criminal charge, I answered no, although I do have prison experience, and that gives me strength. But even if they arrest me, I am not afraid for NASA BORBA; so many people are helping it now, if secretly, that I no longer have any fear about its operating without me if I am removed. That is going, and it will succeed, it no longer has anything to do with me.

[Djurdjevic-Lukic] Nevertheless, is it possible to publish a daily newspaper without help from abroad?

[Mijic] It does not matter at all whether the aid for the media comes from abroad or from owners and stockholders. It is certain that today it is difficult for newspapers to survive here solely on the basis of market elements. We are buying paper abroad, we pay customs duty, and it will cost us twice as much as other newspapers.

And then what managing director, say, of some large business system, would dare to put an ad in NASA BORBA? You know, we can be profitable only in publishing double issues. Daily newspapers are terribly unprofitable. Unless they have ads, memorial notices, classifieds, job vacancy notices, that is, without what makes a newspaper—it is hard for them to survive. And we simply cannot buy that.

All of that comes under the head of those pressures of which I have spoken. I am behind this effort, and I will see it through. I do not like defeats, I simply cannot stand them. I can take a defeat if I come out of it smarter, better, different, if I have something new. Now, this defeat at Borba d.d. has created something that is absolutely sounder. Those people who were in favor of Brcin's newspaper had to leave. Perhaps something else will happen, something I still cannot think of today, but all of that will only clear up things. I know that I have courage, that I will use my financial and moral strength to stand behind the editorial staff that makes this kind of newspaper. And as long as it is united, I will be with it. What is it that someone said, this is an editorial staff of 100 madmen who had the courage to go up against everything, and now the 101st who will join them—and that is the beginning or end of the story.

[Djurdjevic-Lukic] Do you think that they are all happy that you have become the owner?

[Mijic] For that matter, I am not happy with all 100 of them. Our common interests are a sufficiently strong cohesive factor so that this will work. Of course, those who do not want it will change their position. I think that today everyone must give a little. They asked me what my objective was and motivation to get involved in all this. I said: My objective is to come out of this honorably as a man, not to run away. For that matter, I could have said: What do I care, I am leaving. But that is not good, that is not honorable. It is not honorable toward that editorial staff which has really shown a high degree of courage, especially this last month, and at the same time they have been giving up many things.

Serbia

Muslim Council Protests Sandzak Police Brutality

AU0203173695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 2 Mar 95

[FBIS Translated Text] The democratic and civilized act of the Sandzak people expressed through the signing of two petitions [one for the return of Muslim National

Council President Ugljanin, the other for the release of 45 political prisoners] [words indistinct] is being obstructed by the authorities of the so-called Yugoslavia in every imaginable way, reads the statement issued today by the Muslim National Council of Sandzak.

In the northern Serbian part of Sandzak, the signing is under way, while the signing of the petition in the southern Montenegrin part has already been postponed twice. Namely, on 24 February 1995, at the access point to Rozaje, the police beat up the leadership of the steering committee for the signing of the petitions, Professor (?Vasija Gusinac), writer Fehim Kajevic, Professor Azem Hajdarevic, and driver Daut Hajdarevic. That is why the signing was postponed for 28 February 1995. However, when the signing resumed on that day, another brutal police act occurred. In the very center of Rozaje and in full view of numerous citizens, five heavily armed police officers brutally beat up Azem Hajdarevic, the steering committee's secretary, and his brother Daut Hajdarevic, who, after being beaten, was taken to the police station where the harassment continued and where he remained in detention until late into the night.

Owing to the police's brutal behavior, the signing of the petitions in Rozaje has been discontinued, and the steering committee will make a special decision regarding the future signing of the petitions. Despite everything, the citizens' response was massive, and 1,500 of them signed the petitions.

Serbian Minister Predicts Lower Prices

95BA0157A Belgrade POLITIKA in Serbo-Croatian 5 Feb 95 p 10

[Article by TANJUG: "Tomic: Prices Still Have To Drop"]

[FBIS Translated Text] Dragan Tomic, minister for coordination in the Government of Serbia, told today's Novi Sad DNEVNIK that "prices have yet to drop," and "that the time is coming for sanctions against those who have gone too far with prices."

"The rollback of prices to the level on 25 July was conceived by the government in several phases. Now come the final phases. We feel in the government that only now have conditions come about for prices to fall. This does not mean that there might not be some higher prices where economic conditions warrant it," he elaborated.

He emphasized that on the coordinating team, which is made up of about 150 managing directors from all sectors of the economy, they have been talking about implementing the government's recommendation to roll back prices and that "according to the statistics, more than 90 percent of them have acted in keeping with the recommendation."

"In addition, the coordinating team for trade has decided to set the markup in trade at 17 percent, which has brought about all the conditions for prices to really turn downward, and this can be expected in coming weeks," Tomic said.

"As for the government, we are preparing for the next phase, which is one of the final ones. The members of coordinating teams will meet with ministers for those sectors close to them, and then we will know at what pace the recommendation for the rollback of prices will proceed thereafter," Tomic said, adding that measures had also been prepared for enterprises that did not want to roll back prices.

"They will be denied certain benefits. This includes various import-export permits. It should not be forgotten that the government makes decisions about the allocation of foreign exchange and about the distribution of petroleum," Tomic said.

When those sanctions take effect, people will probably realize that they need to show discipline in doing what is asked of them. Nothing impossible has been asked, and our intention has not been to drive anyone into losses, the minister for coordination explained.

Tomic emphasized that the names of business executives "with the old habits," that is, those who did not want to roll back prices, will be made public in the coming week.

On the topic of combating the "gray economy" Tomic emphasized that the government has been working very intensively in this area, and the measures being prepared will be made public in 10 days or so.

"We do not expect that the 'gray economy' will completely disappear even after that, but it will be reduced. It will be much easier for us to combat it when the sanctions are removed. Then it will be reduced to a reasonable scale, as it is in other countries," Tomic said.

Serbian Socialist Party Called 'Dominant Party'

95BA0157C Belgrade VECERNJE NOVOSTI in Serbo-Croatian 2 Feb 95 p 5

[FBIS Translated Text] In yesterday's meeting, the Main Committee of the Socialist Party of Serbia [SPS] examined and adopted the Report on the Work of the SPS Since the Second Congress.

It was the unanimous assessment that the SPS is the party that enjoys the greatest prestige, confidence, and influence with the public and on the Serbian political scene. The public has become more interested in joining the Socialist Party, especially young people.

Thanks to its decisive and principled policy in implementing the basic commitments in the program, the SPS has exposed the policy of the right and defeated the political parties with that programmatic orientation. As the dominant party, the SPS has managed to defend the ideas of the left, and it is confirming in practice the advantages and values of its programmatic commitments as compared to the other parties and is opening up room for a strengthening of the socialist and leftist options in our society in general.

In these processes, the Socialist Party has remained unified, free of internal divisions and conflicts. It has become stronger in its program, in its personnel, and in the political and organizational unit of the party.

The Socialist Party of Serbia will continue in the coming period to strive for the established priorities and to work for the political program whose objectives are peace, economic and cultural renewal of the country and its development, social justice and solidarity, a strengthening of the law-governed state, and the fight against crime and all forms of lawlessness.

In the meeting 21 new members were elected to the SPS Main Committee, the largest group from among young people from the university. Rajko Ulcanin, director of Grmec and chairman of the Zemun Opstina Committee of the SPS, and Dr. Slobodan Unkovic, professor, were elected members of the Executive Committee of the SPS Main Committee. The Main Committee adopted the badge of the SPS, which is a stylized rose.

Cosic Appeals for Aid to Bosnian Serbs

95BA0149B Belgrade NIN in Serbo-Croatian 3 Feb 95 p 19

[Interview with Dobrica Cosic, former president of the Federal Republic of Yugoslavia, by Studio "B" editor Desa Cavic; place and date not given: "Do Good"]

[FBIS Translated Text] [Cosic] For the first time since being forced from the civil service I am standing before... I do so as a member of the board of the "Brothers to Brothers" charitable fund, which was founded by the Holy Synod of the Serbian Orthodox Church, the board chaired by Pavle, His Holiness the patriarch of the Serbian Orthodox Church, that bearer of light, the man who inspires hope in the Serb nation today.

It is my duty to address the citizens of Serbia and Montenegro and to appeal to them, to beg them for their urgent and wholehearted assistance to the tormented Serb nation across the Drina, which is suffering more than anyone today. But it is enduring suffering and torment more than anyone not because of its own fault and not only.... It is enduring suffering and torment while fighting for its most basic human right, the right to live on its own homesite. It is also enduring suffering and torment while defending and fighting for the most basic civil and national right, the right to its own state in which it can live serenely and peacefully and advance just as all European nations live and advance. Those across the Drina are enduring suffering and torment and fighting to preserve themselves, to defend the unity of the Serb nation, without which neither they nor we can survive in this world. Those across the Drina are endeavoring through this war of liberation and liberationist resistance to achieve a democratic and final solution to the Serb question opened by the tragic dissolution of Yugoslavia carried out by the secessionists with the wholehearted assistance of their foreign protectors.

Today, amid the misfortune in which we find ourselves, we can have differences about how we find the road to salvation, how we approach a more tranquil future and peace of mind, how we ultimately create the free democratic state that is the only way in which we will survive as a free nation. Thus, we can have differences and have many political conceptions in the types of tempests to which we are subjected, but we cannot and must not have differences about certain frames of reference for our survival. We must not have differences regarding the defense and preservation of our spiritual, political, and state unity, for which Serbs have fought for centuries—rights that nearly all or all Balkan nations have achieved today as European nations. We certainly must not have differences regarding the aspiration and endeavor to achieve a just peace, and a peace as soon as possible, without which there is no life for us or for the other nations, nor any form of consolidation in this area of the Balkans and in Europe.

[Cavic] Do you think that the Serbs today are closer to or farther from creating a Serb state?

[Cosic] Well, it seems to me that we are closer to creating a Serb state. That, of course, is neither a Lesser Serbia nor a Greater Serbia, but rather—quite simply—the state of a free nation and of free citizens. It seems to me that we are closer to such a state, thanks most of all to the stubborn and heroic struggle of the Serbs across the Drina. Of course, thanks also to our solidarity with them and our willingness to suffer with them and to endure all the consequences of the sanctions and of this blockade, of this ghetto in which we have been placed.

I am called upon, and it is also my duty to call upon, to beseech all citizens, all people who have a soul and conscience, all Serbs who value their dignity, to offer urgent, wholehearted aid to our brothers who are suffering more than anyone.

[Cavic] The fund is called "Brothers to Brothers." However, the money collected in this way is not intended only for Serbs, but rather for all who are suffering?

[Cosic] The "Brothers to Brothers" fund will dispose of this money in cooperation with institutions from the republic of Srpska. Naturally all the people in the territory of the republic of Srpska are suffering a great deal and need different amounts of aid.

I know that life in this country today is difficult, I know that we are all suffering and that we will continue to suffer for a long time, that we are tormented by all sorts of privations. But I also know that there are many poor people in Serbia and Montenegro, but that there are also plenty of us who are much, much better off than those across the Drina who do not even have the most basic necessities of life. And I know that there is no small number of people in this country who have more than they need for an immodest life. That is why I am appealing to all people with a soul and conscience, I am appealing and begging that we offer urgent aid to our brothers, that through goodness and care for them we revoke the blockade through which we are being punished, that we reaffirm that we are one nation, that through our solidarity we persevere in the difficulties in which we find ourselves.

And I wish to remind you of that old, simple wisdom: A man is most of all a man when he does good and the great are great in misfortune. And we are one of those nations that has strength and the ability and knowledge to be great even in this greatest misfortune.

Montenegro

Bar Port Director Assures Hungarians of Readiness

LD0303102595 Belgrade TANJUG in English 1012 GMT 3 Mar 95

[FBIS Transcribed Text] Bar, March 3 (TANJUG)—One of the biggest and most modern ports in the Mediterranean, that in the Montenegrin town of Bar is ready for all forms of transaction with foreign partners, Port of Bar Managing Director Petrasin Kasalica said Thursday.

Within the presentation of the Budapest-Belgrade-Bar railway route to a group of about 50 Hungarian businessmen, Kasalica spoke about the possibilities of the Port of Bar that has facilities for transshipping up to five million tons of general, bulk and liquid cargo.

The port is ready to arrange with its partners the lease of existing facilities, make contracts on the lease of land and construction of new facilities according to the needs of domestic and foreign partners, Kasalica said. He added that the port was willing to build adequate facilities together with its partners and cede concessions for up to 30 years.

Due to the international sanctions against Yugoslavia, the port is practically not working but is maintained and overhauled in such a way that it can start working on the very day the blockade is lifted, Kasalica said.

Kasalica placed a special emphasis on the port's developed infrastructure, wheat storing and transshipping facilities, refrigerated warehouses and container and other terminals. During the meeting, the Hungarian businessmen showed interest for the export of grain through the Port of Bar and the possibility for constructing a new 30,000-ton silo that would also serve to import soy for the needs of the Hungarian economy.

The Hungarian businessmen also showed interest in the transshipment of up to one million tons of iron ore, terminal for wood transport and especially for the export of meat, cattle, liquid cargos and some other goods. By activating the Budapest-Belgrade-Bar railway-port complex once the sanctions have been lifted, the main transit connection will be created and distance reduced between Central European and overseas countries, it was heard during the meeting.

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